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Missouri Real Estate Malpractice Insurance Report 2002

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Missouri Department of Insurance
Statistics Section
August 2003

**MISSOURI
REAL ESTATE
MALPRACTICE
INSURANCE
REPORT
2002**

**Missouri Department of Insurance
Statistics Section
August 2003**

Other Publications Available

The Missouri Department of Insurance publishes the following statistical reports. These reports are available by sending a written request along with the payment of \$35 to the Missouri Department of Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

Missouri Department of Insurance Annual Report
Missouri Medical Malpractice (Closed Claim) Report
Missouri Legal Malpractice (Closed Claim) Report
Missouri Market Share Report
Missouri Products Liability (Closed Claim) Report
Missouri Health Maintenance Organization Report
Missouri Complaint Index Report
Missouri Life, Accident & Health Supplement Report
Missouri Property & Casualty Supplement Report
Missouri Mortgage Guaranty Report
Missouri Uninsured Auto Report

Databases Available

Medicare Supplement Experience Data
Missouri Zip Code Insurance Data for Homeowners/Dwelling Fire,
Farmowners (dwelling only), Mobile Home, Earthquake and Private Passenger Automobile

Some data is available to the public for a fee by special request only. For additional information, contact the Statistics Section at 573/751-4126.

Real Estate Malpractice Insurance Report

Executive Summary

This report summarizes Missouri real estate malpractice data for 1993 to 2002. The charts, graphs and tables — limited to closed claim information — were constructed from data collected by the Missouri Department of Insurance as required by Section 383.060 RSMo. The premium and loss data, obtained from the Missouri Page 24 Supplement to the companies' annual statements, is presented in the final section.

The loss ratio for real estate malpractice in Missouri during 2002 was -196 percent, which is a significant increase from -48.6 percent in 2001. The industry posted a negative loss ratio, in 1999, 2001 and 2002, because companies wrote off excess reserves from previous years.

Thirty-nine claims were closed in 2002, compared to a high of 63 in 1997. Six out of the thirty-nine claims (15 percent) were paid, averaging \$12,538. Over the past 5 years, the unweighted average annual paid claim was \$10,363.

Over the past 10 years, 391 real estate malpractice claims were closed in Missouri — 117 (30 percent) with payment, and 274 (70 percent) without payment.

In 2002 the average loss adjustment expense for all claims closed with payment was \$13,762 while the expenses for all claims closed without payment averaged \$2,502.

In Section II, indemnities paid on closed claims are shown by claim characteristics. The number of closed claims, average paid claim and total amount paid are included in each of these six categories:

- Area of real estate in which the claims were filed.
- Major activity in which the agent was engaged when the alleged error or omission occurred.

- Alleged error or omission that was the most significant reason for the claim.
- The legal disposition of the claim at the closing date.
- The number of years the insured had been in practice at the time of the alleged error or omission.
- The relationship of the insured to the claimant.

Five companies reported writing real estate malpractice insurance business in Missouri during 2002, compared to 11 companies in 2000. The four top writers of real estate malpractice insurance in Missouri maintain more than 90 percent of the market: Continental Casualty Co. with 70 percent, St. Paul Fire and Marine Insurance Co., 18 percent, Chicago Insurance Co., 7 percent and United States Liability Insurance Co., 4 percent.

This report was compiled using information submitted by the insurance companies. As a result, the accuracy of this report is dependent upon the accuracy of each company's data. Copies of this report will be made available in braille, large print or on audio cassette upon request. Any questions regarding this report should be addressed to the Statistics Section, Missouri Department of Insurance, P.O. Box 690, Jefferson City, Missouri 65102-0690.

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**TEN YEAR
SUMMARY
(1993 - 2002)**

REAL ESTATE MALPRACTICE INSURANCE

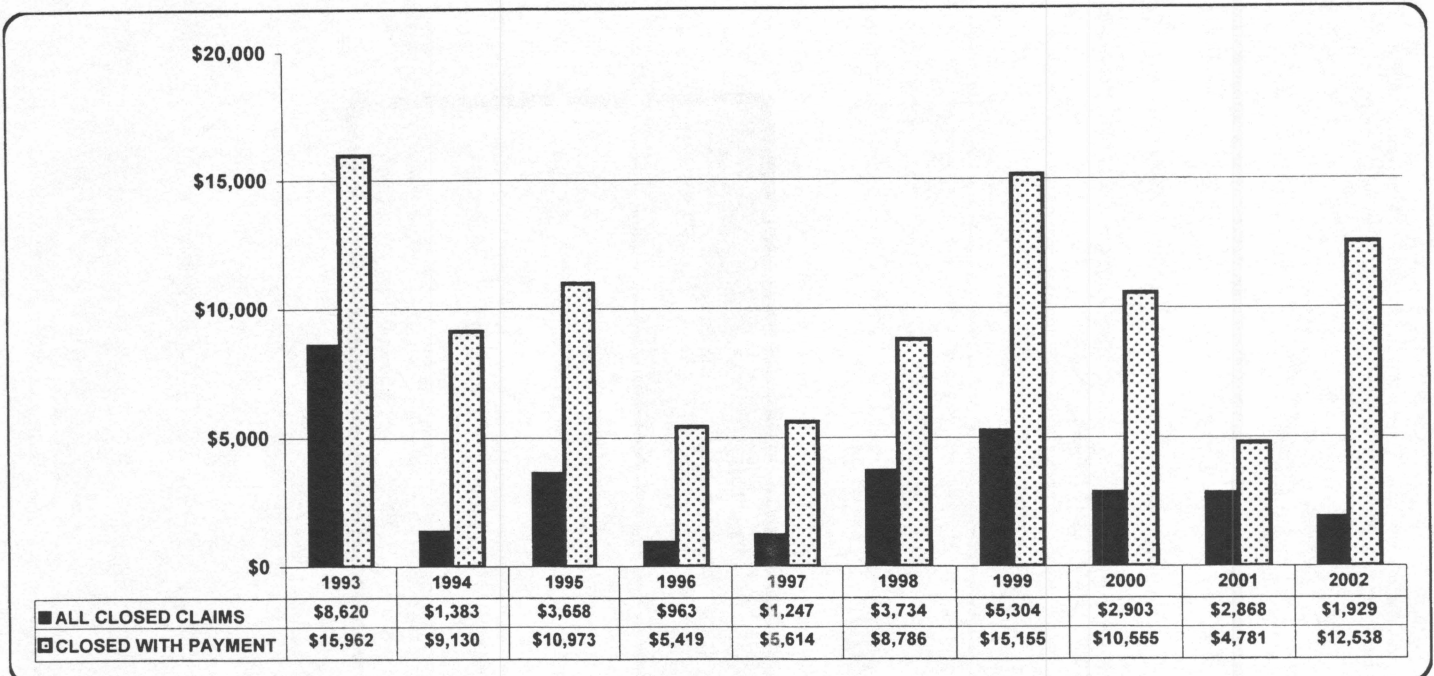
TEN YEAR SUMMARY

1993 - 2002

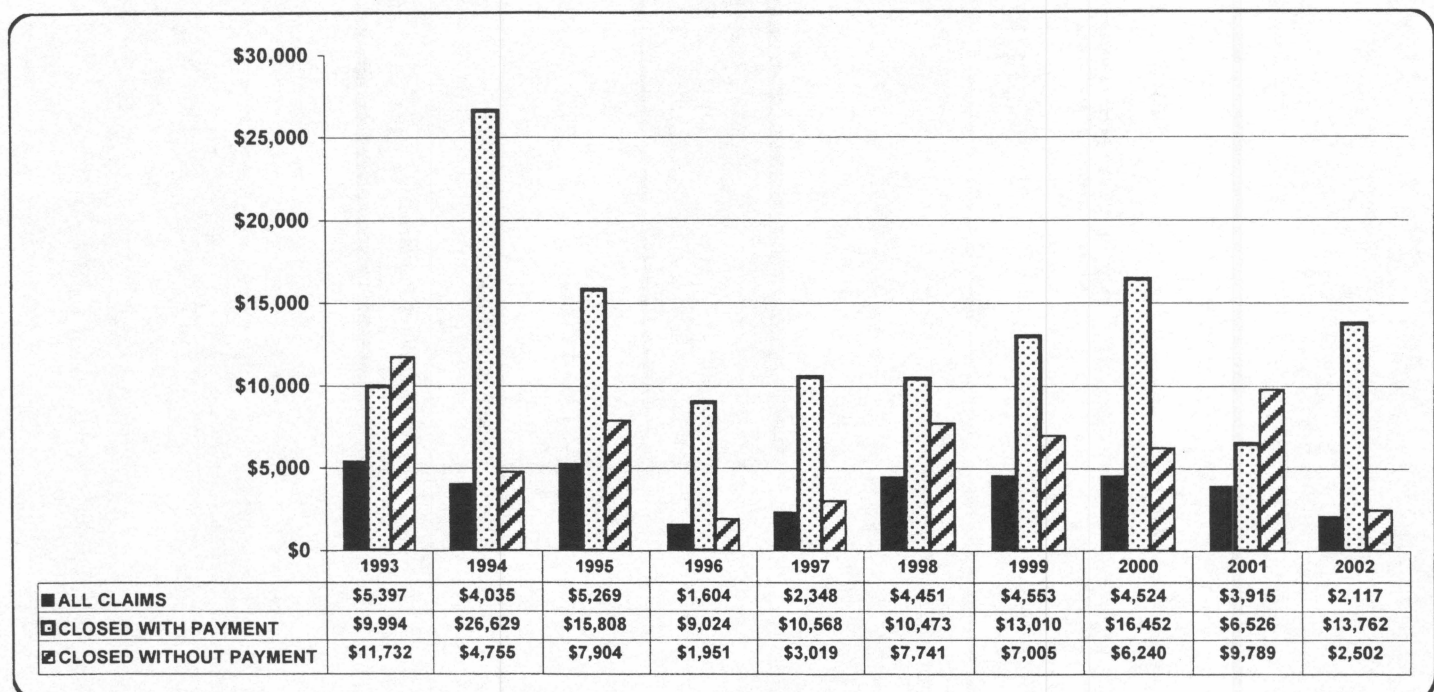
CLOSED CLAIMS	NUMBER OF CLAIMS	PERCENT OF CLAIMS	TOTAL INDEMNITY PAID	AVERAGE INDEMNITY PAID	TOTAL LOSS EXPENSES PAID	AVERAGE LOSS EXPENSE PAID
All Closed Claims	391	100.0%	\$1,297,447	\$3,318	\$1,456,123	\$3,724
Closed with Payment	117	29.9%	\$1,297,447	\$11,089	\$922,117	\$7,881
Closed without Payment	274	70.1%	\$0	\$0	\$534,007	\$1,949

MISSOURI REAL ESTATE MALPRACTICE INSURANCE

Average Paid Claim

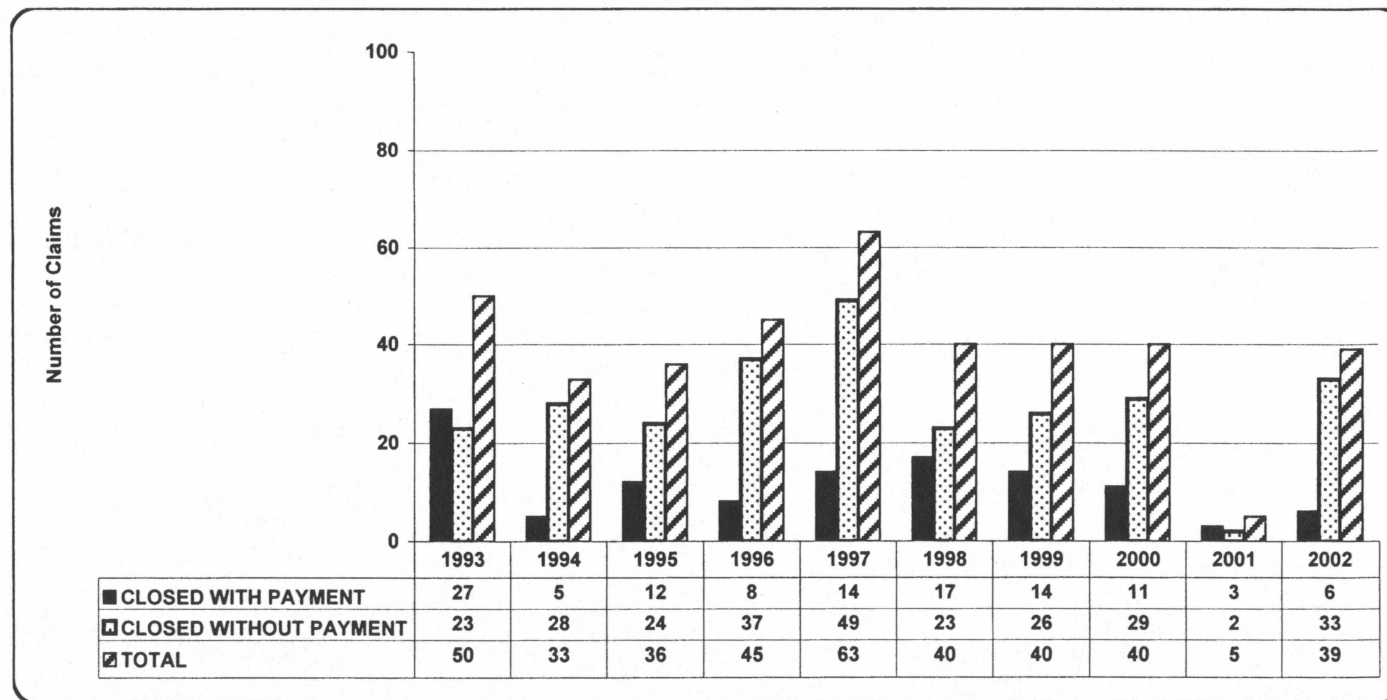


Average Paid Loss Adjustment Expense



MISSOURI REAL ESTATE MALPRACTICE INSURANCE

Claim Count



**TEN YEAR SUMMARY
&
2002 SUMMARY
BY
AREA OF REAL ESTATE**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1993 - 2002

AREA OF REAL ESTATE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
AS AGENT TO PROCURE PURCHASE OF PROPERTY	339	101	86.32%	\$11,290	\$1,140,316	87.89%	\$3,755
AS AGENT TO PROCURE PROPERTY TO PURCHASE	52	16	13.68%	\$9,821	\$157,131	12.11%	\$3,525
TOTAL	391	117	100.00%	\$11,089	\$1,297,447	100.00%	\$3,724

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

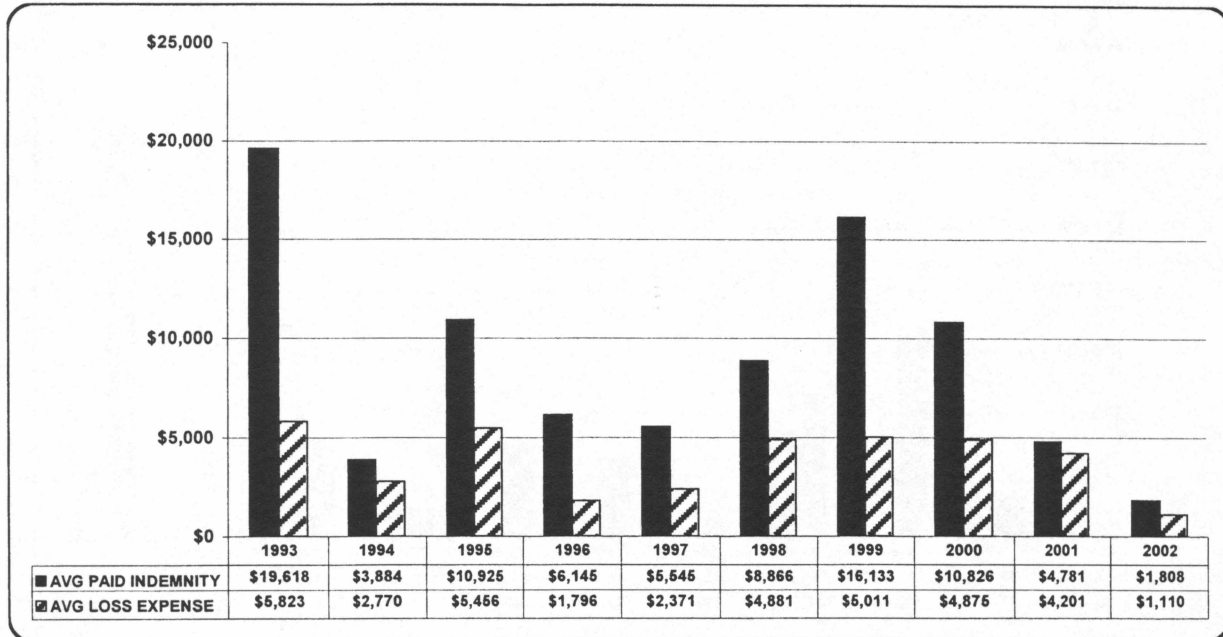
CLAIMS CLOSED IN 2002

AREA OF REAL ESTATE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
AS AGENT TO PROCURE PURCHASE OF PROPERTY	30	4	66.67%	\$1,808	\$7,230	9.61%	\$1,110
AS AGENT TO PROCURE PROPERTY TO PURCHASE	9	2	33.33%	\$34,000	\$68,000	90.39%	\$5,476
TOTAL	39	6	100.00%	\$12,538	\$75,230	100.00%	\$2,117

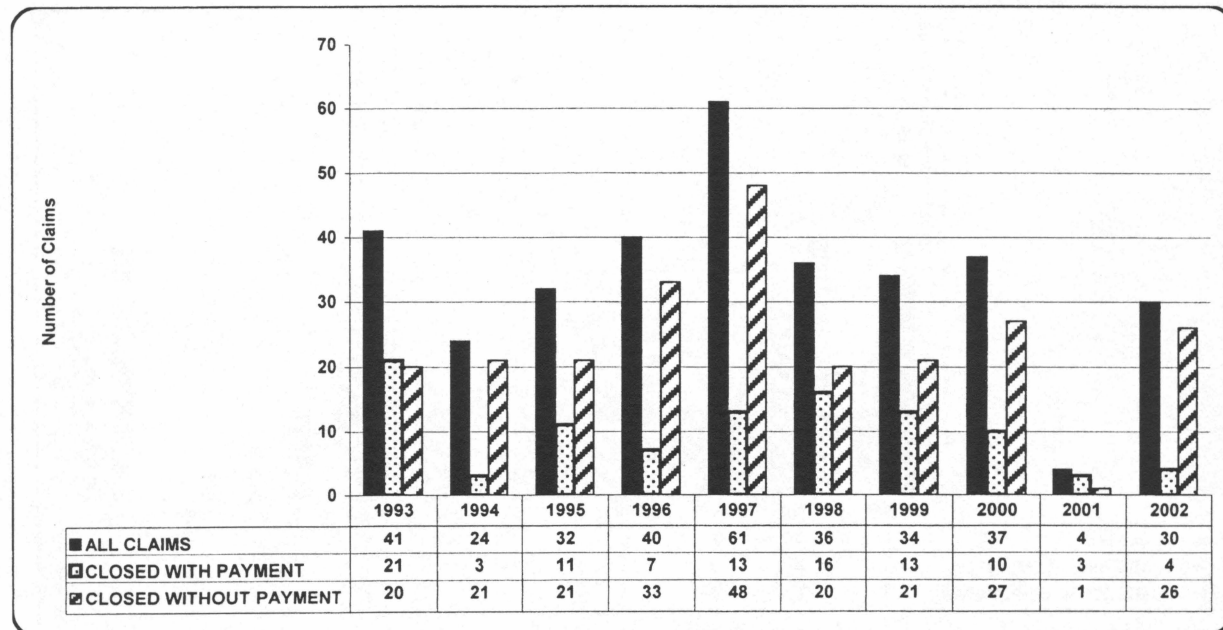
**AREA OF REAL ESTATE
TRENDS
OF
2002**

AS AGENT TO PROCURE PURCHASE OF PROPERTY

Average Paid Indemnity & Average Loss Expense

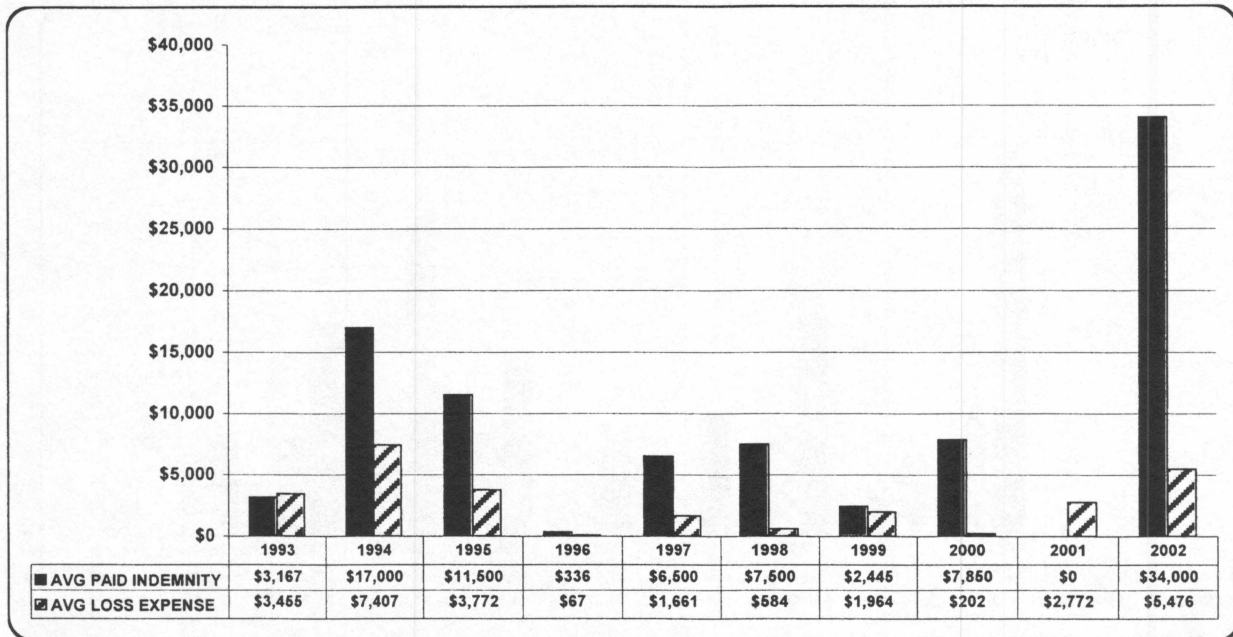


Claim Count

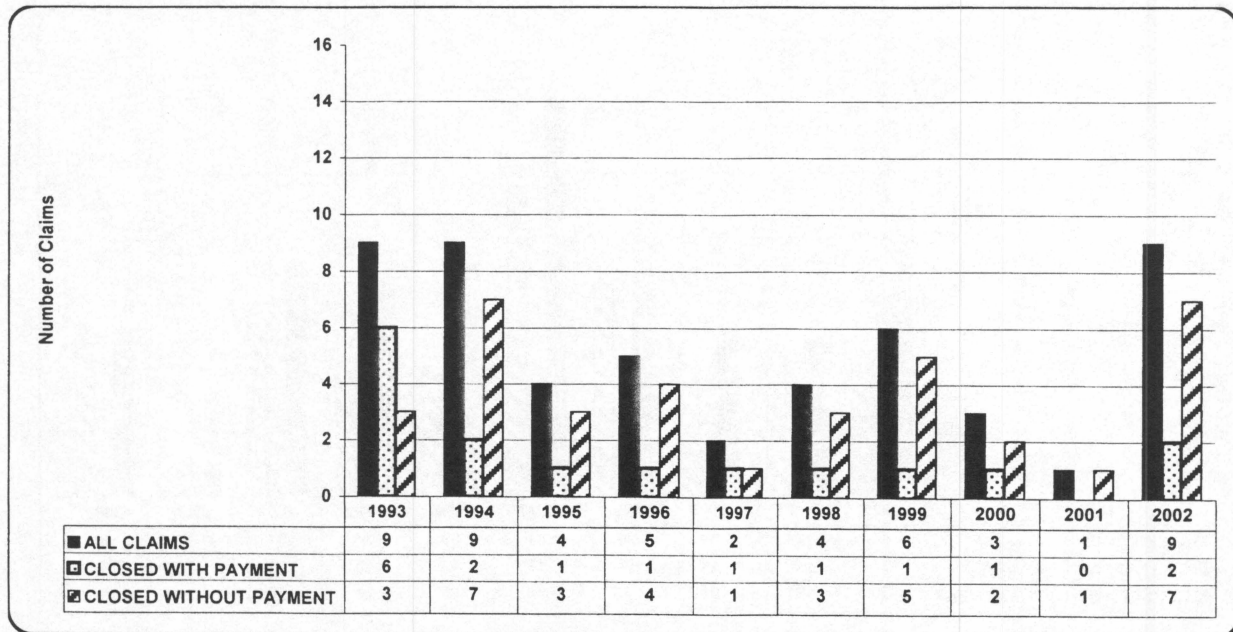


AS AGENT TO PROCURE PROPERTY TO PURCHASE

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2002 SUMMARY
BY
MAJOR ACTIVITY**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1993 - 2002

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
LISTING THE PROPERTY FOR SALE	241	66	56.41%	\$12,636	\$833,997	64.28%	\$3,319
SHOWING PROPERTY	99	37	31.62%	\$10,014	\$370,510	28.56%	\$3,845
CLOSING AND TRANSFERRING TITLE	51	14	11.97%	\$6,639	\$92,940	7.16%	\$5,405
TOTAL	391	117	100.00%	\$11,089	\$1,297,447	100.00%	\$3,724

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

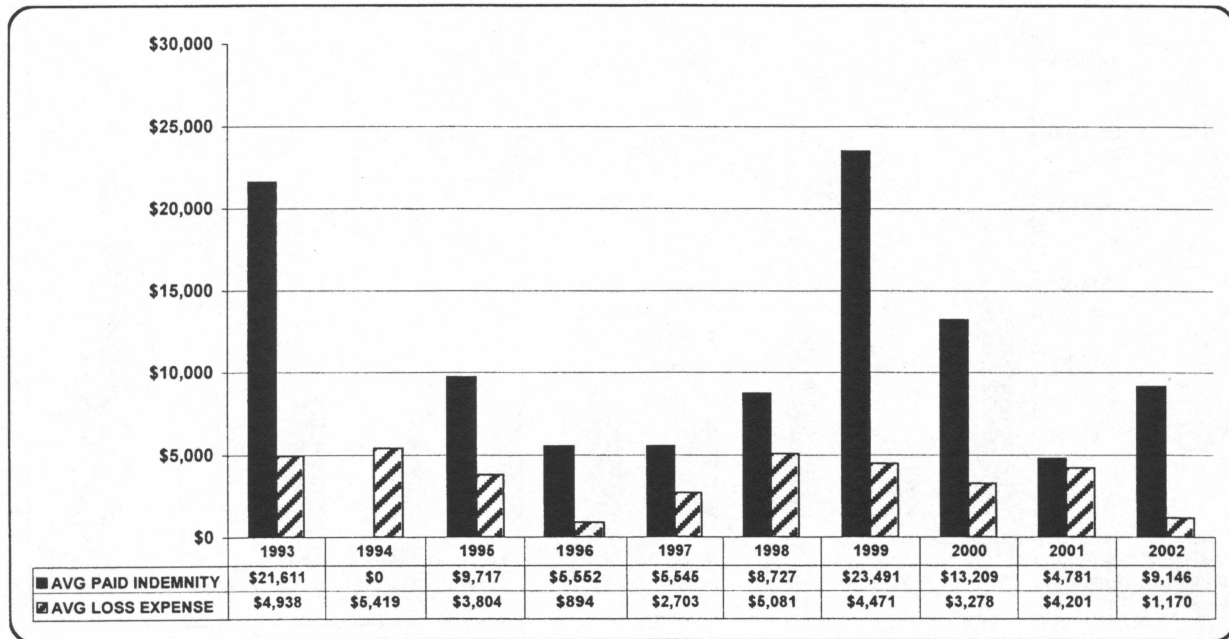
CLAIMS CLOSED IN 2002

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
LISTING THE PROPERTY FOR SALE	30	5	83.33%	\$9,146	\$45,730	60.79%	\$1,170
SHOWING PROPERTY	5	1	16.67%	\$29,500	\$29,500	39.21%	\$8,581
CLOSING AND TRANSFERRING TITLE	4	0	0.00%	N/A	\$0	0.00%	\$1,144
TOTAL	39	6	100.00%	\$12,538	\$75,230	100.00%	\$2,117

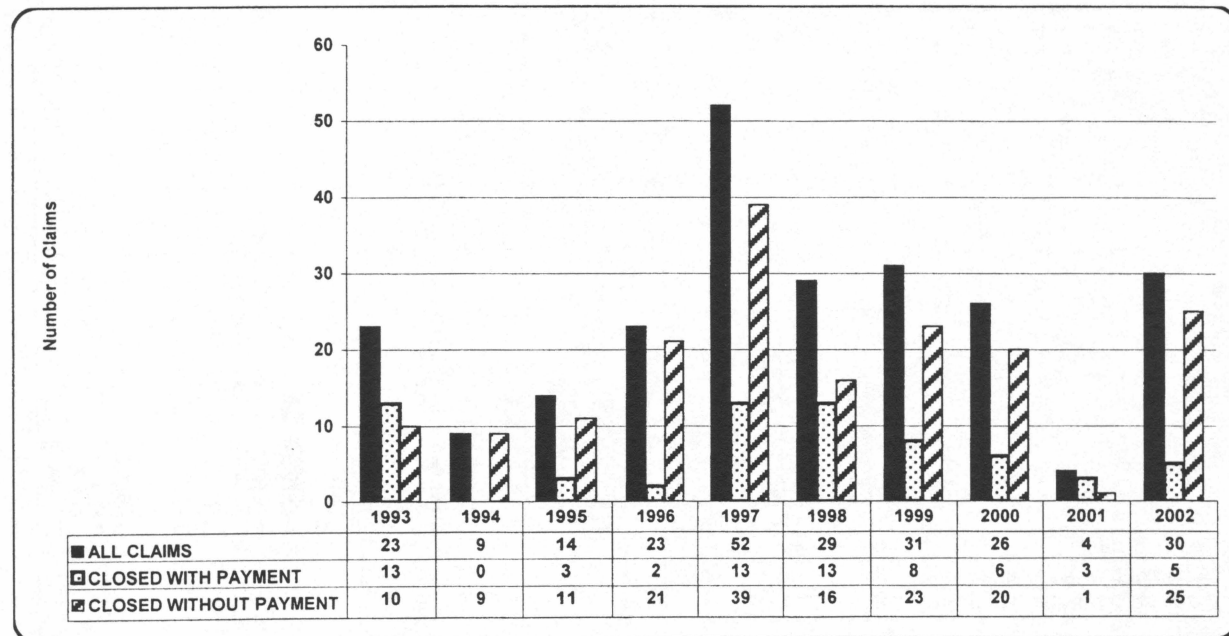
**MAJOR ACTIVITY
TRENDS
OF
2002**

LISTING THE PROPERTY FOR SALE

Average Paid Indemnity & Average Loss Expense

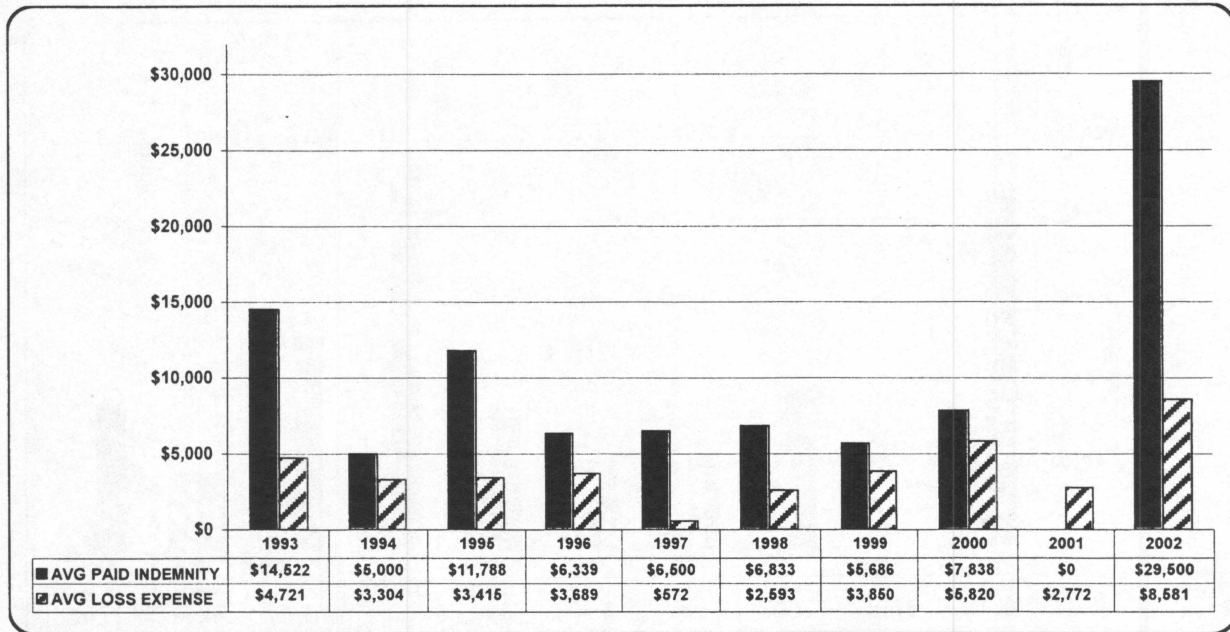


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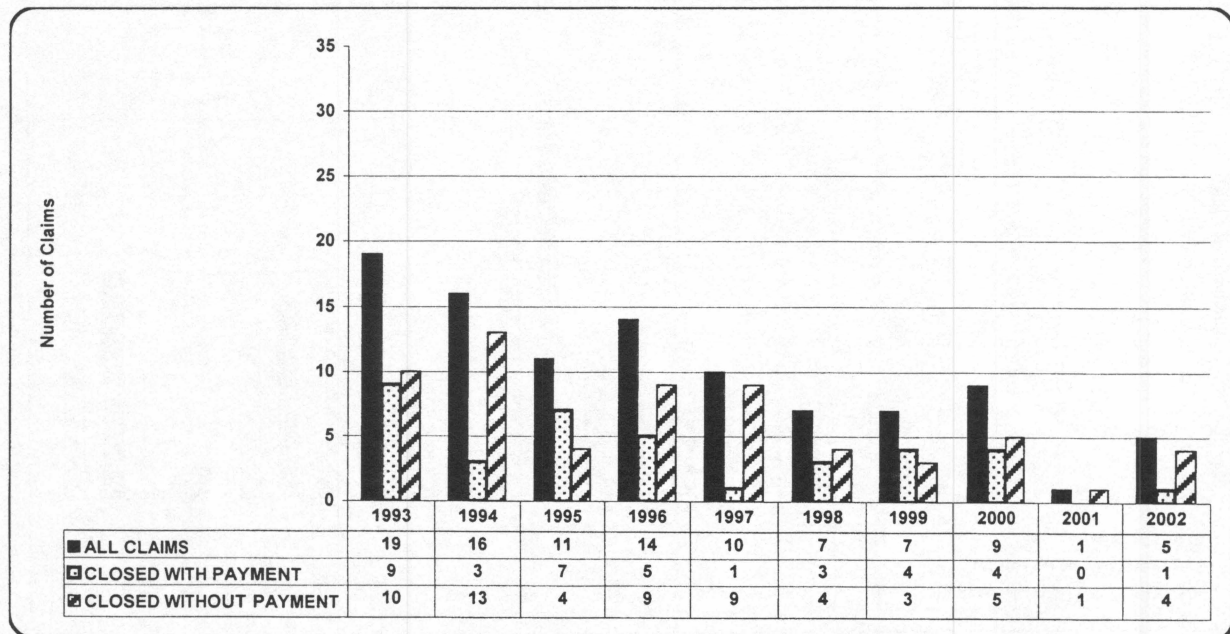


SHOWING PROPERTY

Average Paid Indemnity & Average Loss Expense

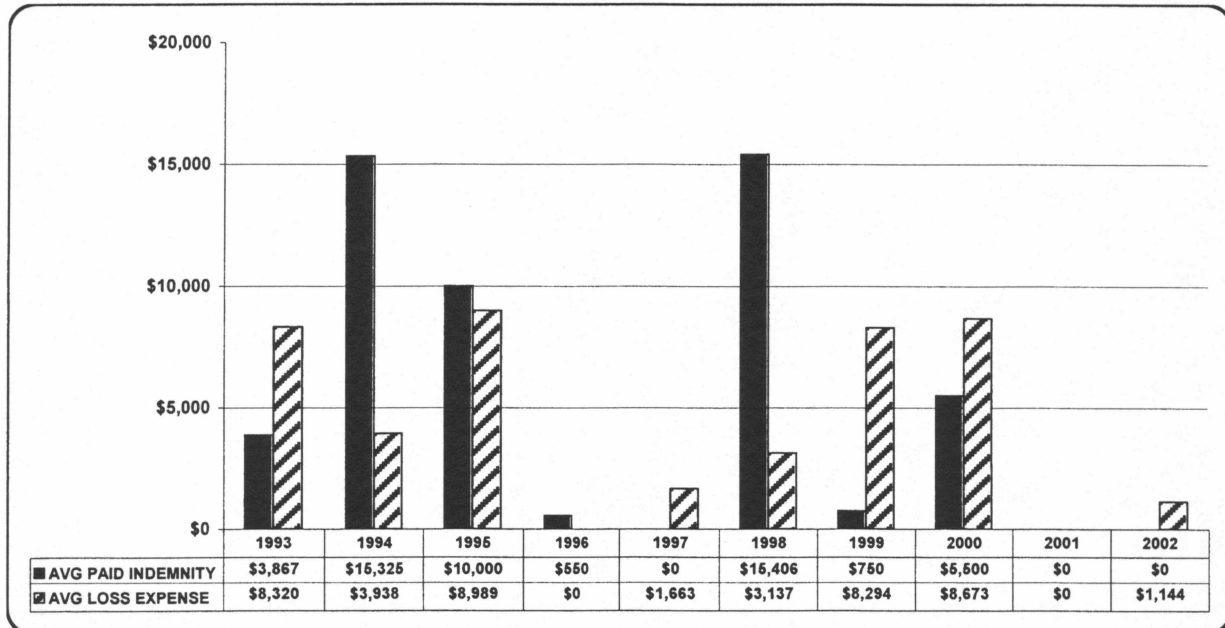


Claim Count

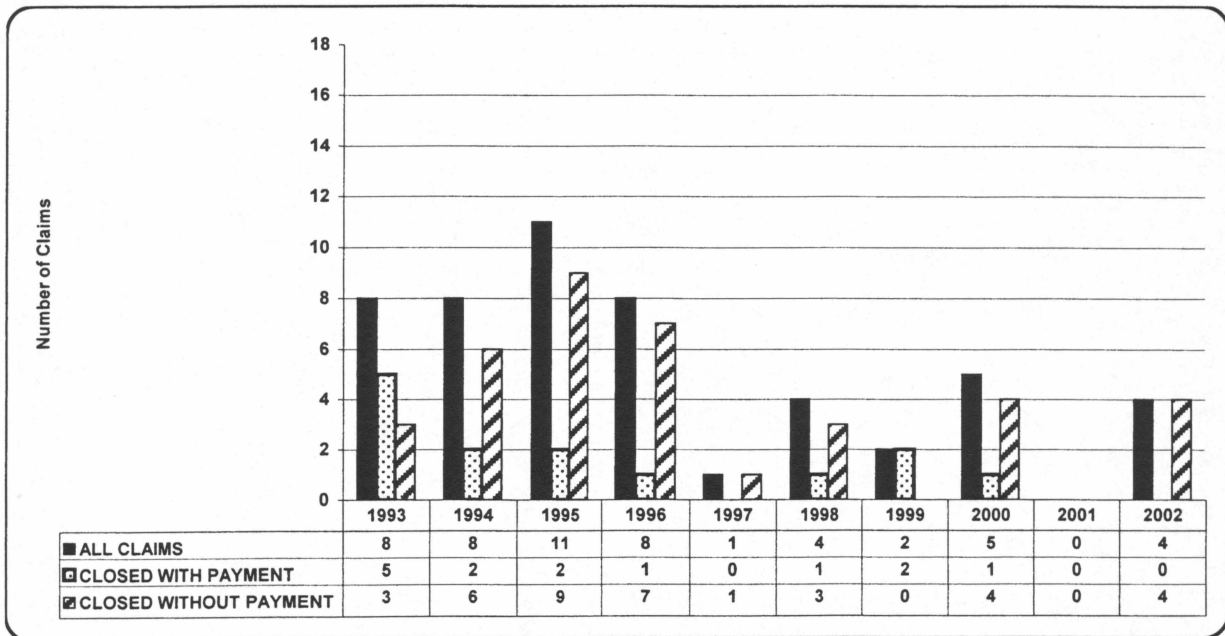


CLOSING AND TRANSFERRING TITLE

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2002 SUMMARY
BY
ALLEGED ERROR OR OMISSION**

REAL ESTATE MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
FOR YEARS 1993 - 2002

ALLEGED ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY	301	91	77.78%	\$11,691	\$1,063,898	82.00%	\$3,779
OTHER	64	18	15.38%	\$10,104	\$181,872	14.02%	\$3,243
FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP	26	8	6.84%	\$6,460	\$51,677	3.98%	\$4,268
TOTAL	391	117	100.00%	\$11,089	\$1,297,447	100.00%	\$3,724

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

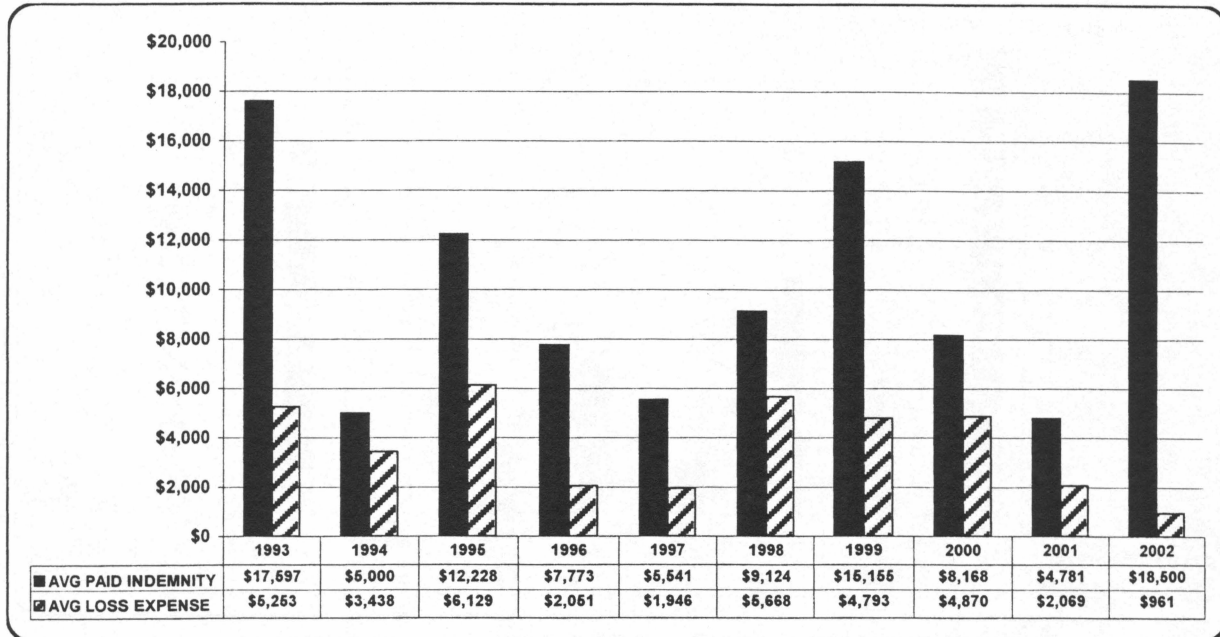
CLAIMS CLOSED IN 2002

ALLEGED ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY	25	4	66.67%	\$18,500	\$74,000	98.37%	\$961
OTHER	8	2	33.33%	\$615	\$1,230	1.63%	\$1,325
FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP	6	0	0.00%	N/A	\$0	0.00%	\$7,992
TOTAL	39	6	100.00%	\$12,538	\$75,230	100.00%	\$2,117

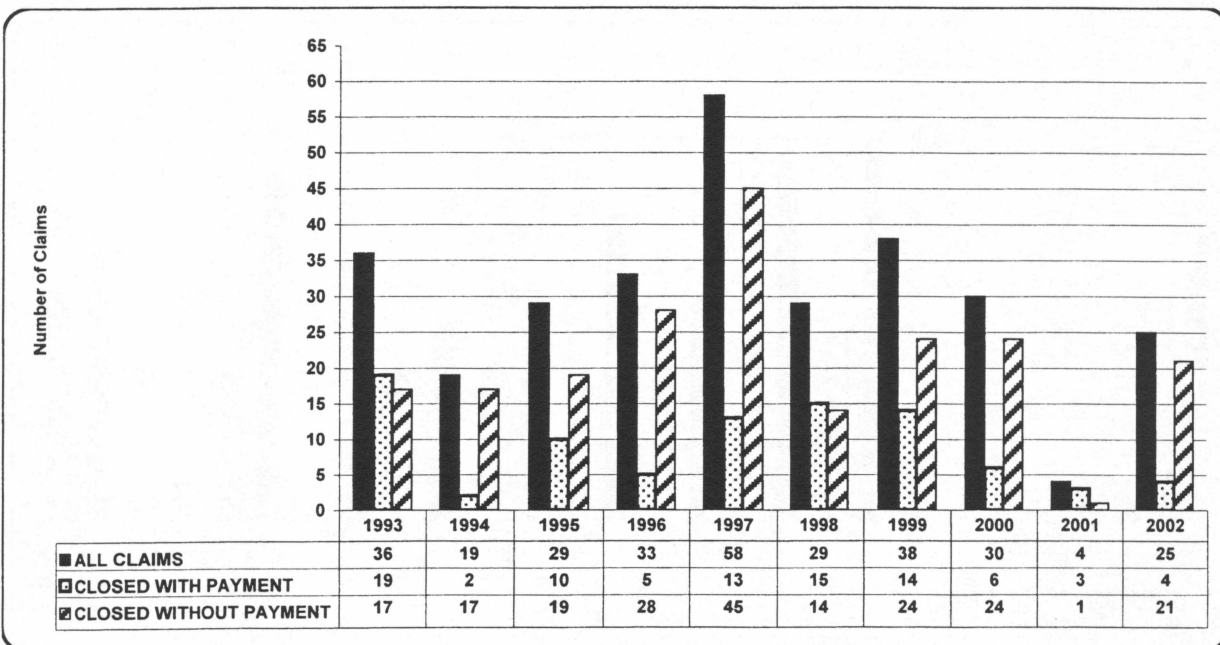
**ALLEGED ERROR OR OMISSION
TRENDS
OF
2002**

FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY

Average Paid Indemnity & Average Loss Expense

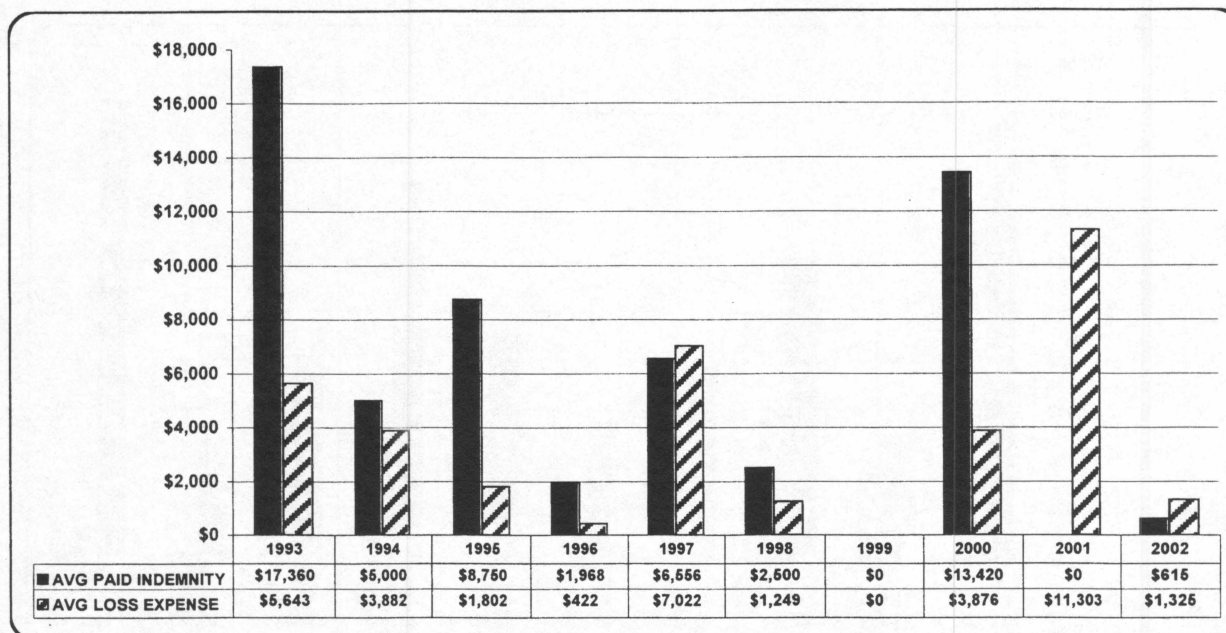


Claim Count

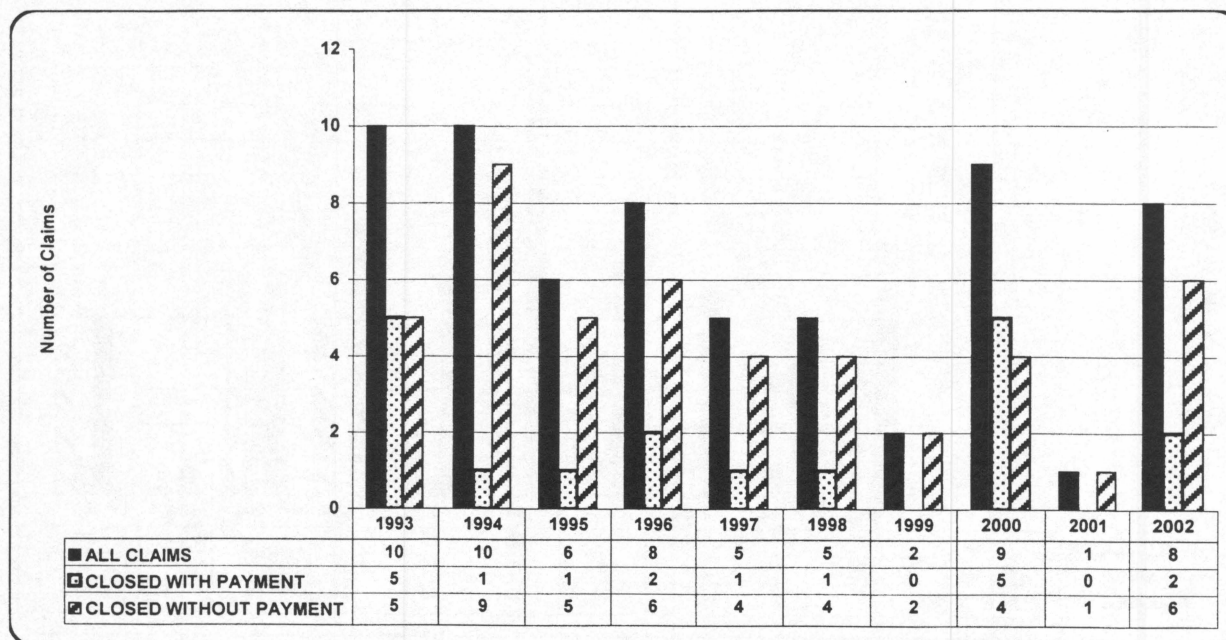


OTHER

Average Paid Indemnity & Average Loss Expense

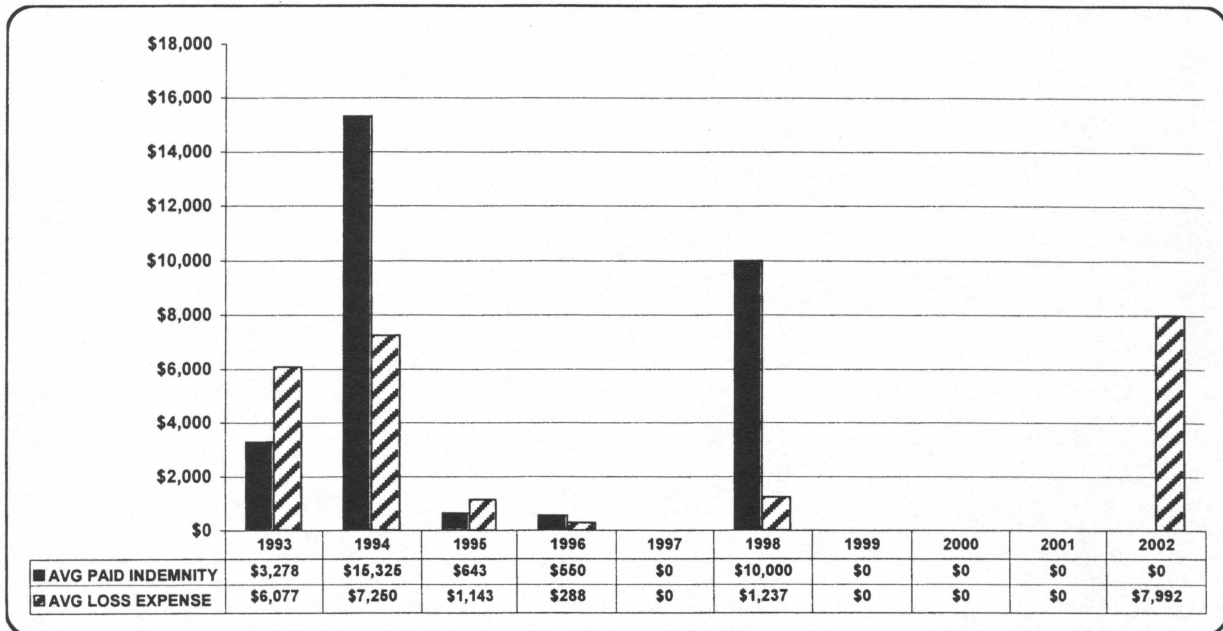


Claim Count

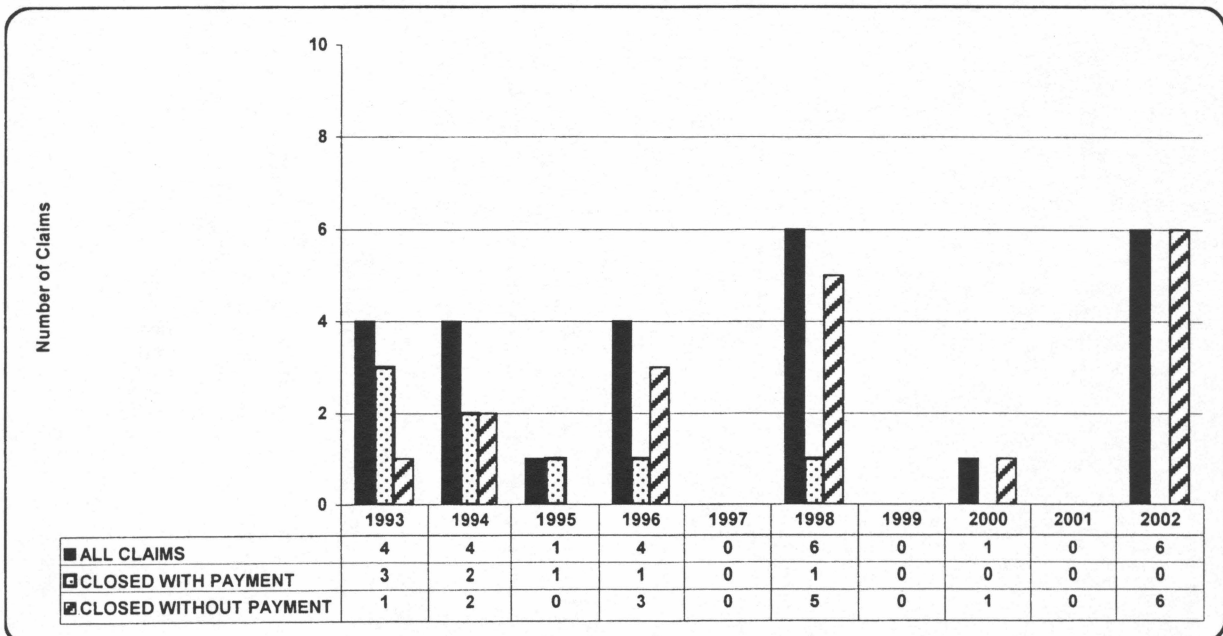


FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2002 SUMMARY
BY
CLAIM DISPOSITION**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1993 - 2002

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE TRIAL OR HEARING	140	83	70.94%	\$11,853	\$983,784	75.82%	\$6,167
CLAIM OR SUIT ABANDONED	117	2	1.71%	\$3,325	\$6,651	0.51%	\$1,059
BEFORE FILING SUIT OR DEMANDING HEARING	96	23	19.66%	\$8,489	\$195,251	15.05%	\$1,140
AFTER JUDGMENT, BEFORE APPEAL	22	2	1.71%	\$10,200	\$20,399	1.57%	\$9,412
DURING TRIAL OR HEARING	14	6	5.13%	\$14,310	\$85,862	6.62%	\$7,868
AFTER APPEAL	1	0	0.00%	N/A	\$0	0.00%	\$6,028
DURING APPEAL	1	1	0.85%	N/A	\$5,500	0.42%	\$36,257
TOTAL	391	117	100.00%	\$11,089	\$1,297,447	100.00%	\$3,724

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

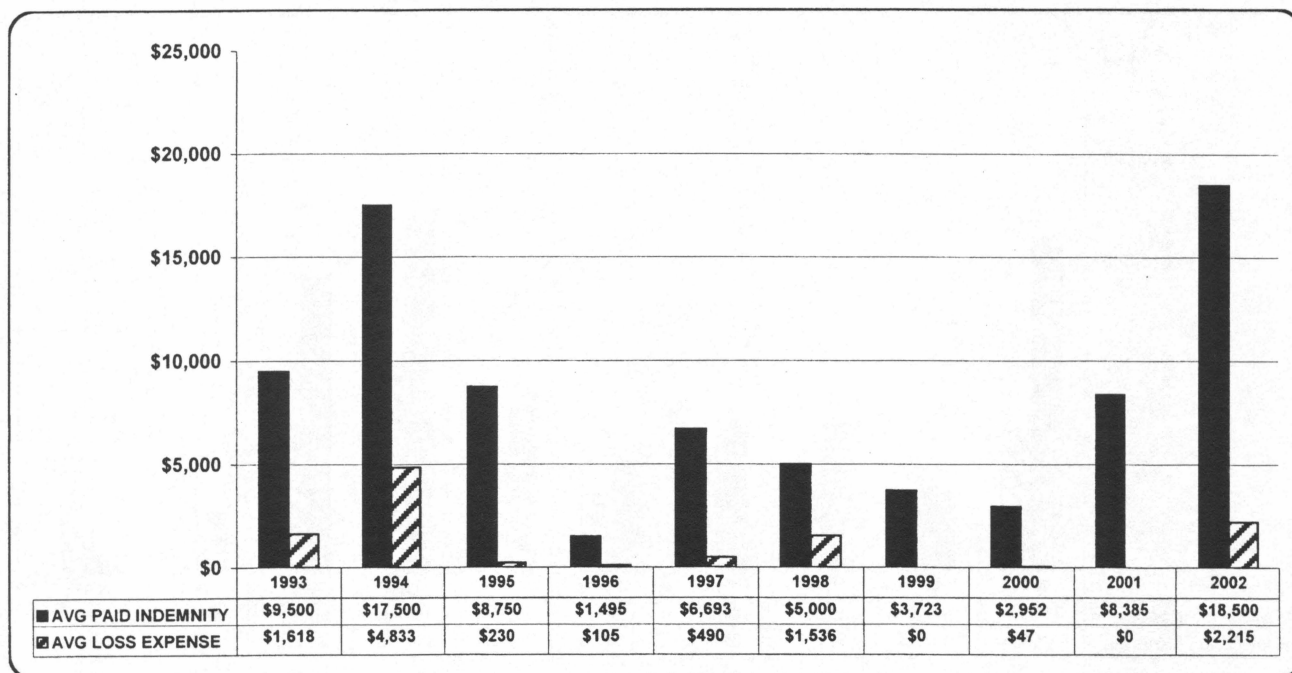
CLAIMS CLOSED IN 2002

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	22	4	66.67%	\$18,500	\$74,000	98.37%	\$2,215
BEFORE TRIAL OR HEARING	8	1	16.67%	\$1,000	\$1,000	1.33%	\$2,086
AFTER JUDGMENT, BEFORE APPEAL	6	1	16.67%	\$230	\$230	0.31%	\$2,860
CLAIM OR SUIT ABANDONED	2	0	0.00%	N/A	\$0	0.00%	\$0
DURING TRIAL OR HEARING	1	0	0.00%	N/A	\$0	0.00%	\$0
TOTAL	39	6	100.00%	\$12,538	\$75,230	100.00%	\$2,117

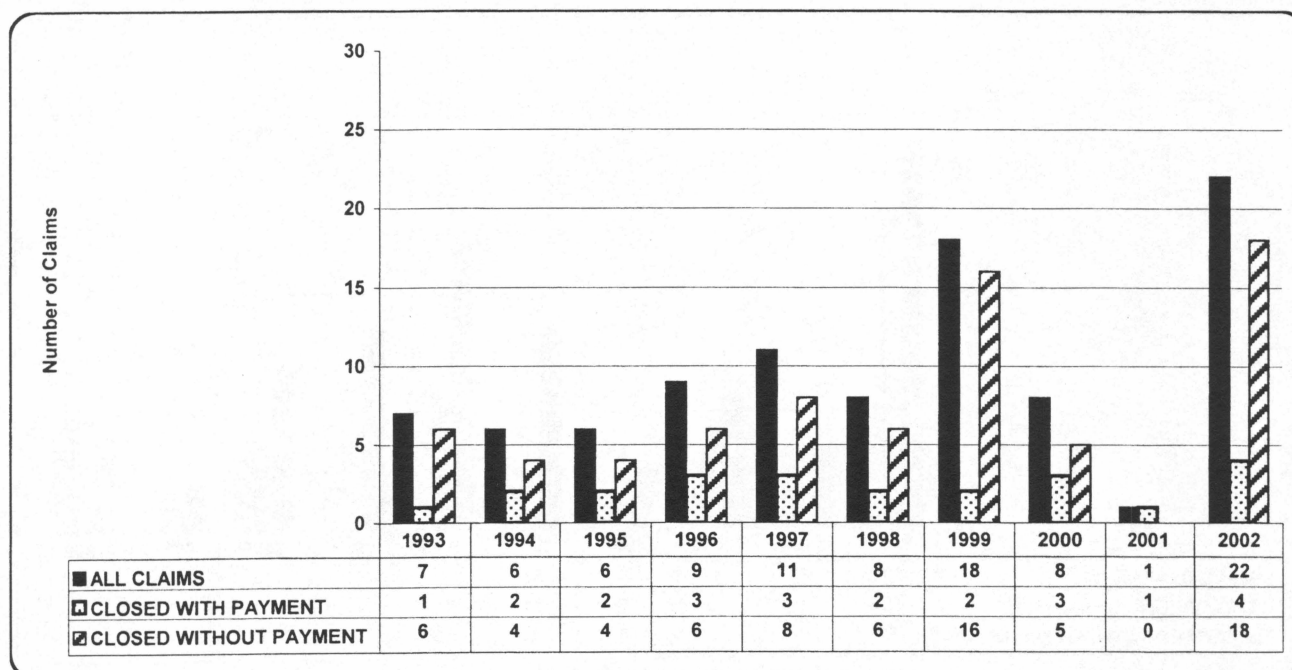
**CLAIM DISPOSITION
TRENDS
OF
2002**

BEFORE FILING SUIT OR DEMANDING HEARING

Average Paid Indemnity & Average Loss Expense

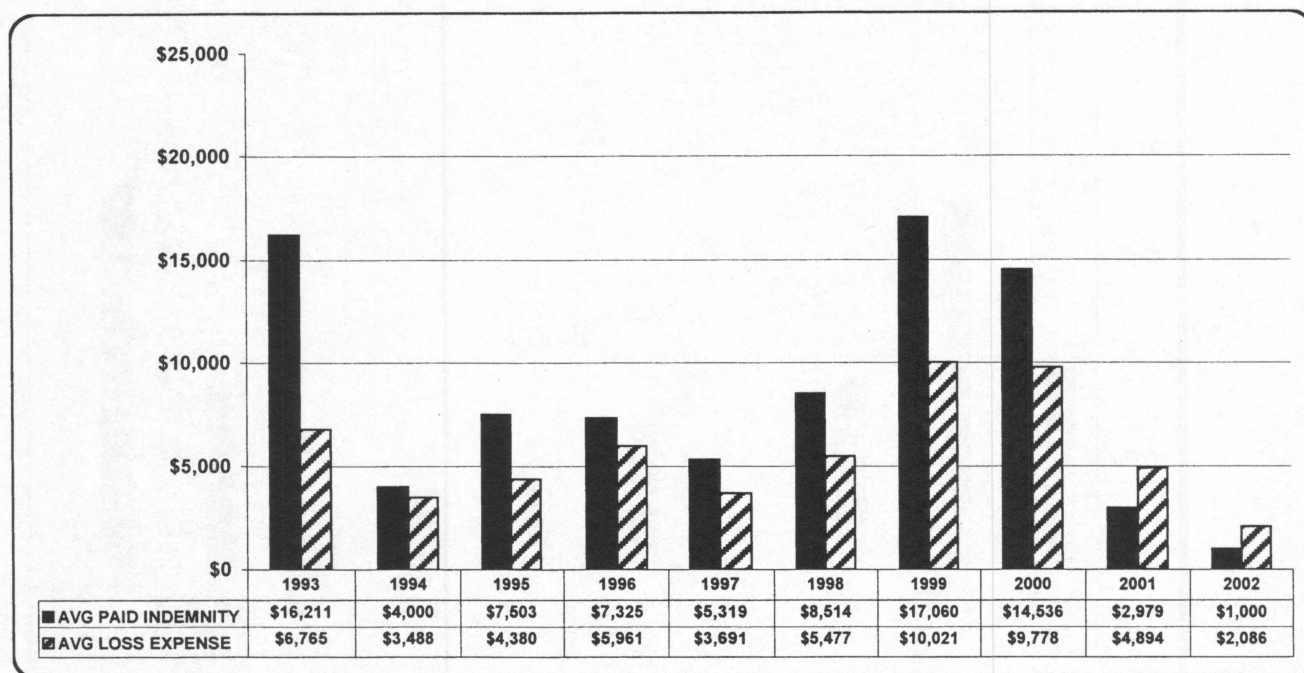


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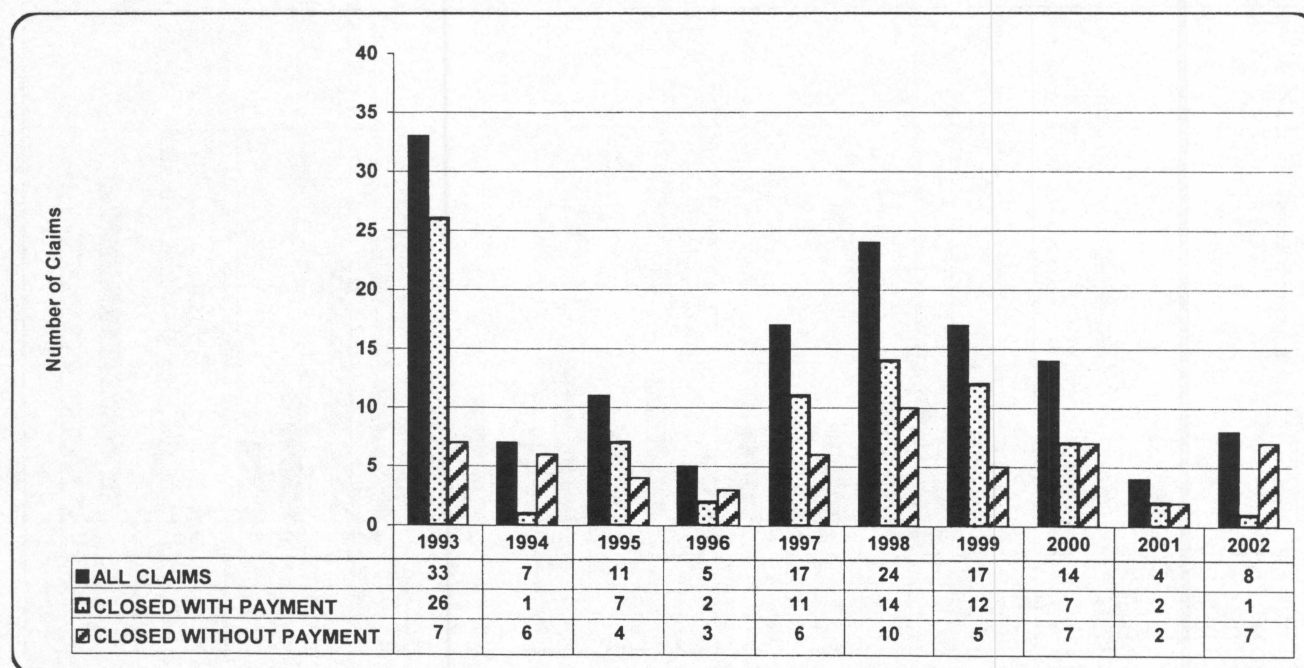


BEFORE TRIAL OR HEARING

Average Paid Indemnity & Average Loss Expense

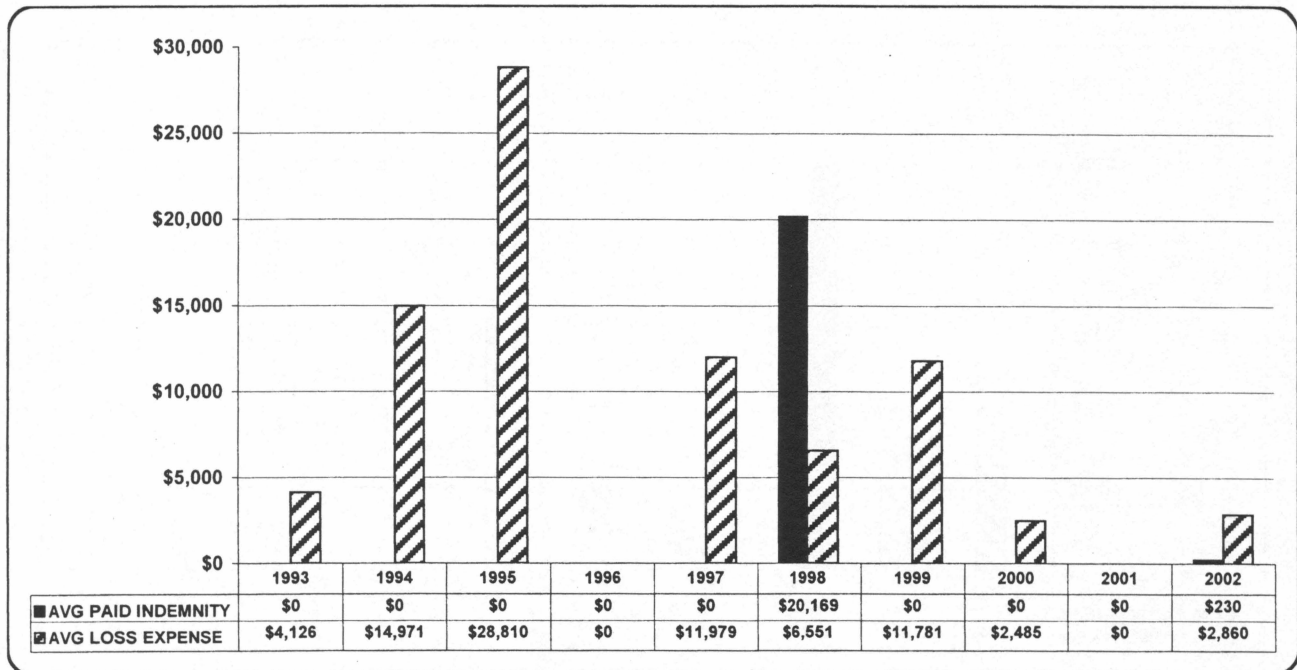


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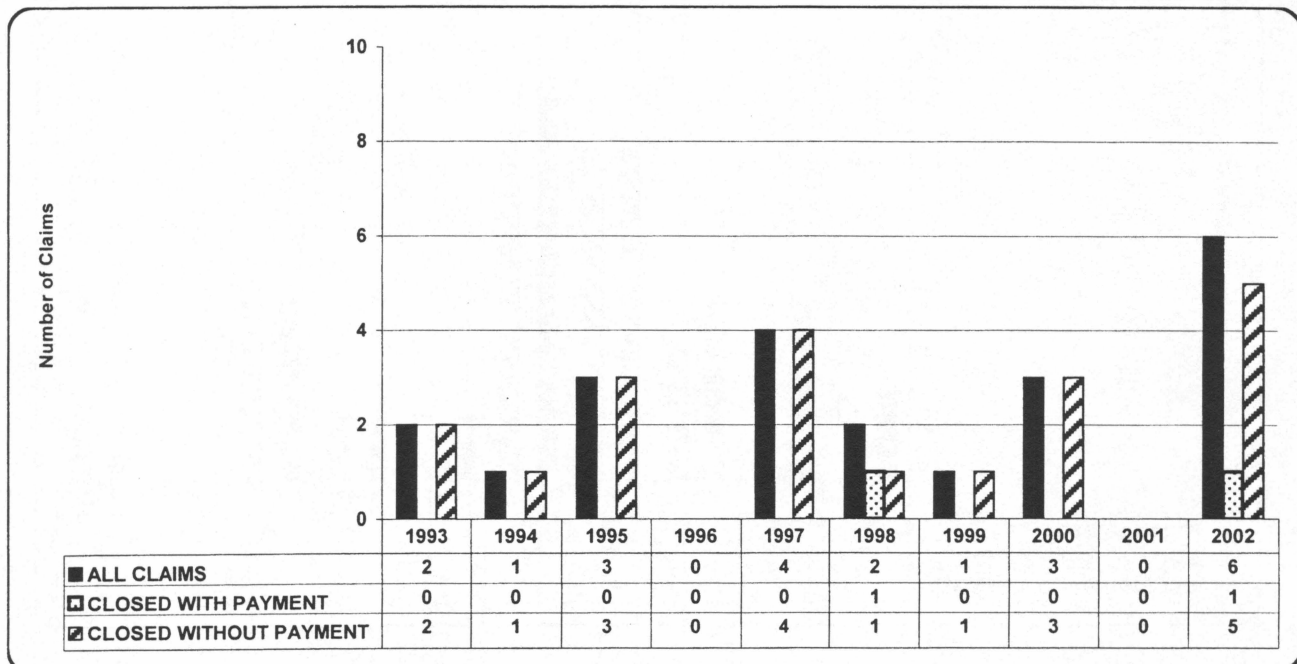


AFTER JUDGMENT, BEFORE APPEAL

Average Paid Indemnity & Average Loss Expense

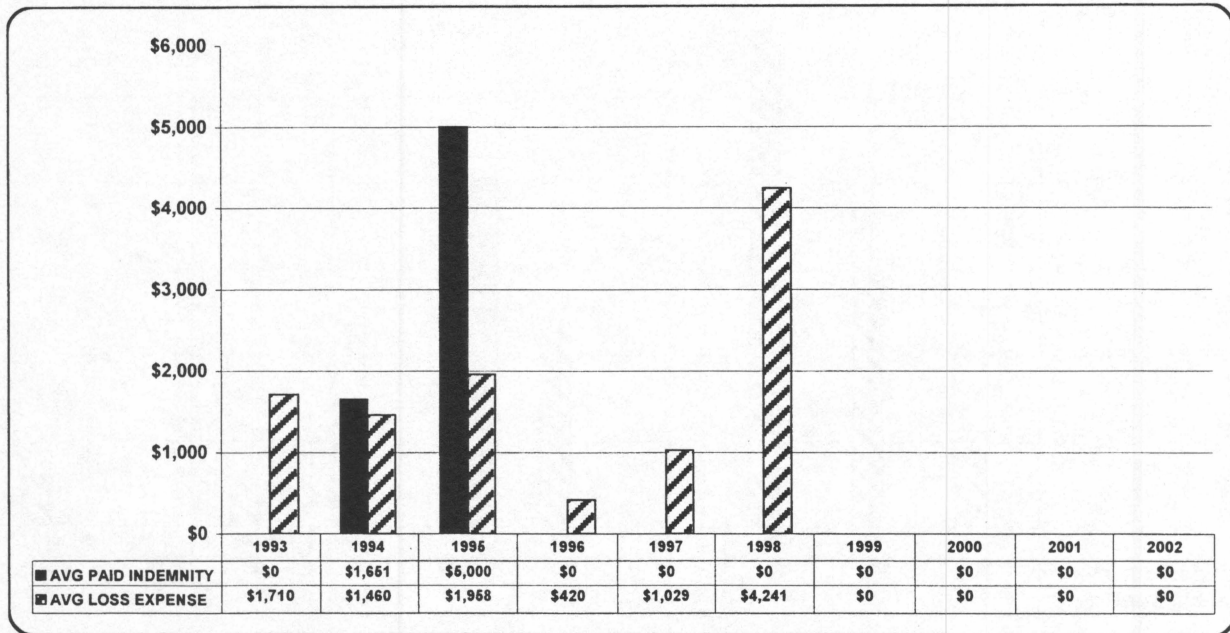


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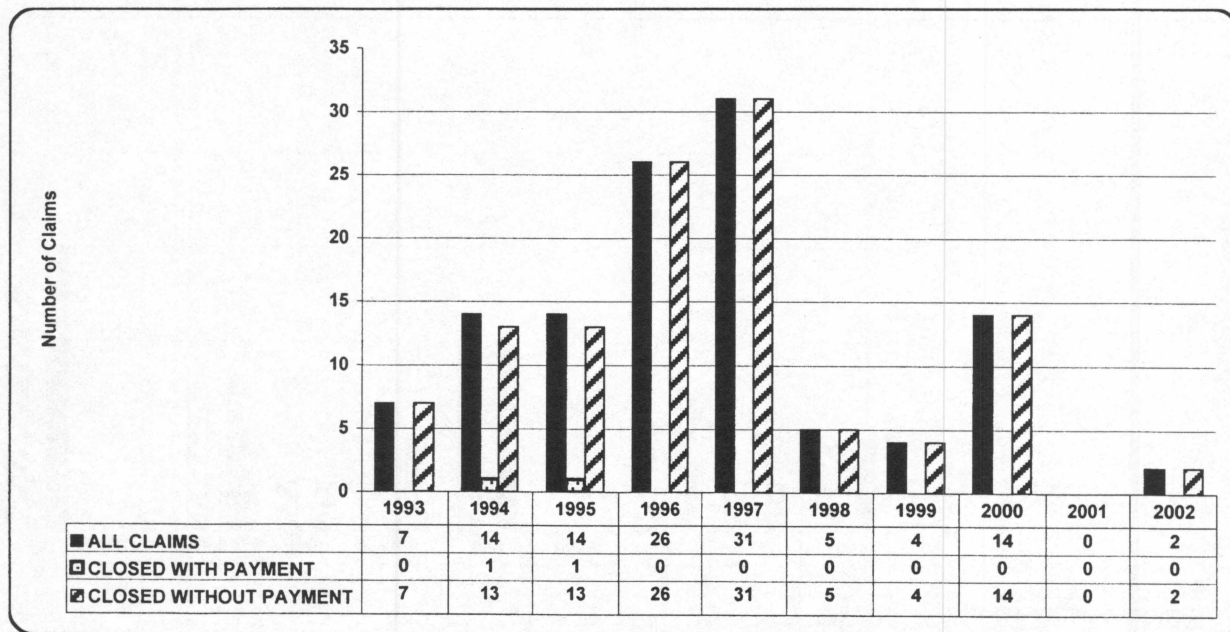


CLAIM OR SUIT ABANDONED

Average Paid Indemnity & Average Loss Expense

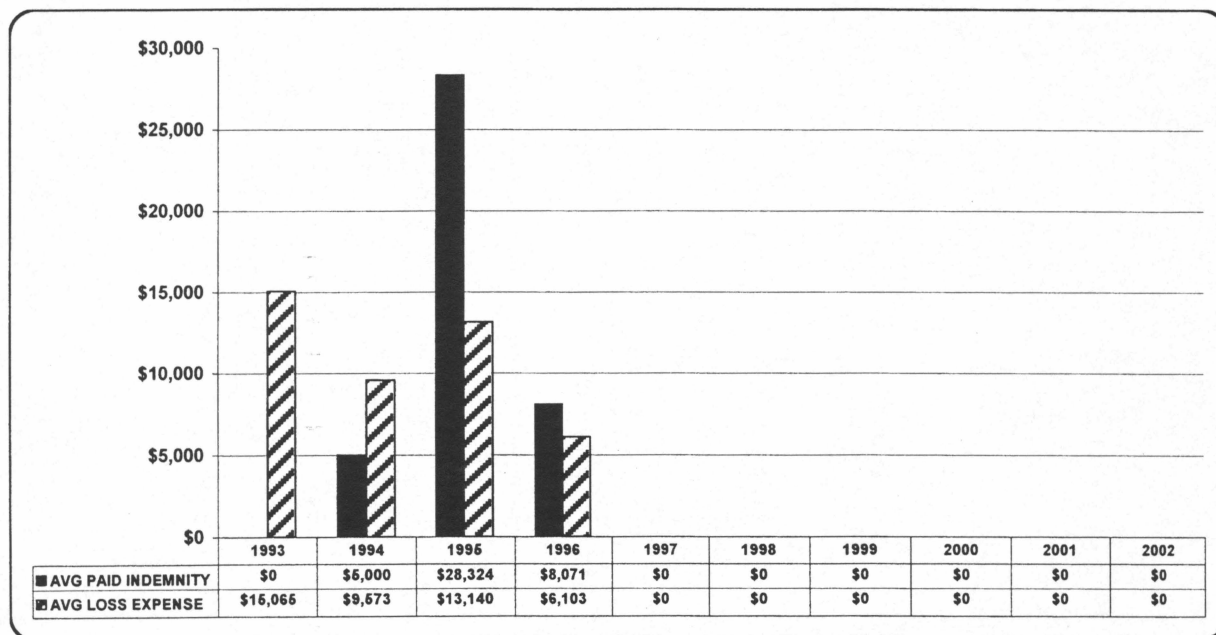


Claim Count

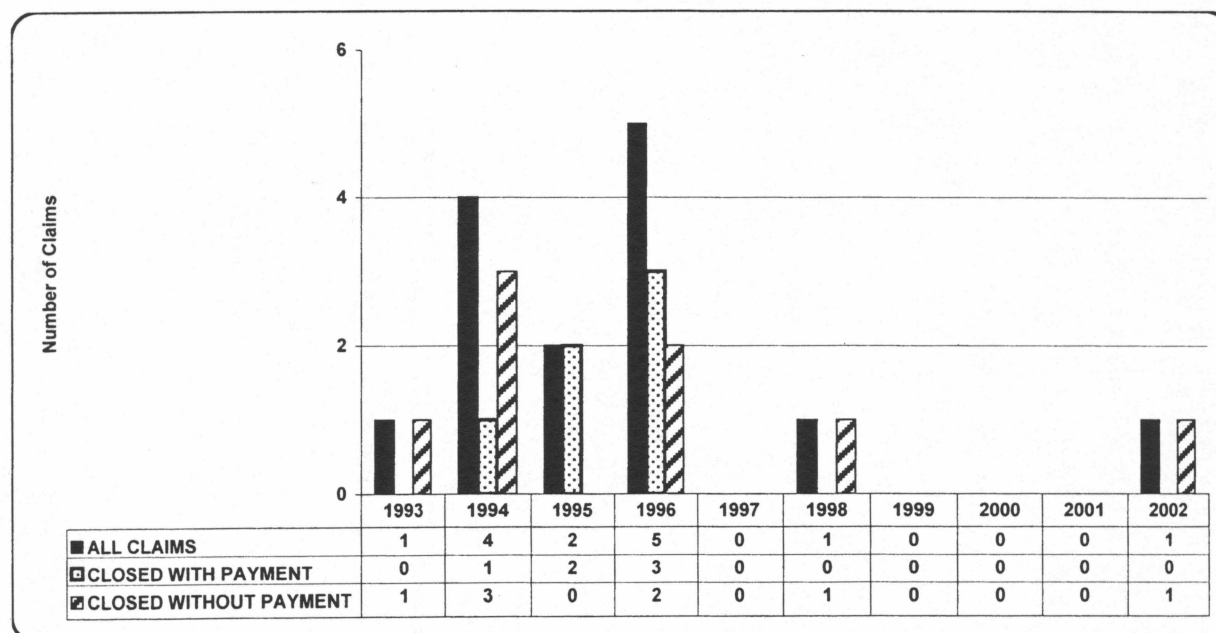


DURING TRIAL OR HEARING

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2002 SUMMARY
BY
YEARS ADMITTED TO PRACTICE**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1993 - 2002

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	198	59	50.43%	\$11,629	\$686,138	52.88%	\$3,695
4 TO 10 YEARS	135	29	24.79%	\$6,072	\$176,095	13.57%	\$3,388
UNDER 4 YEARS	31	14	11.97%	\$4,806	\$67,289	5.19%	\$3,805
NOT SPECIFIED	27	15	12.82%	\$24,528	\$367,925	28.36%	\$5,529
TOTAL	391	117	100.00%	\$11,089	\$1,297,447	100.00%	\$3,724

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

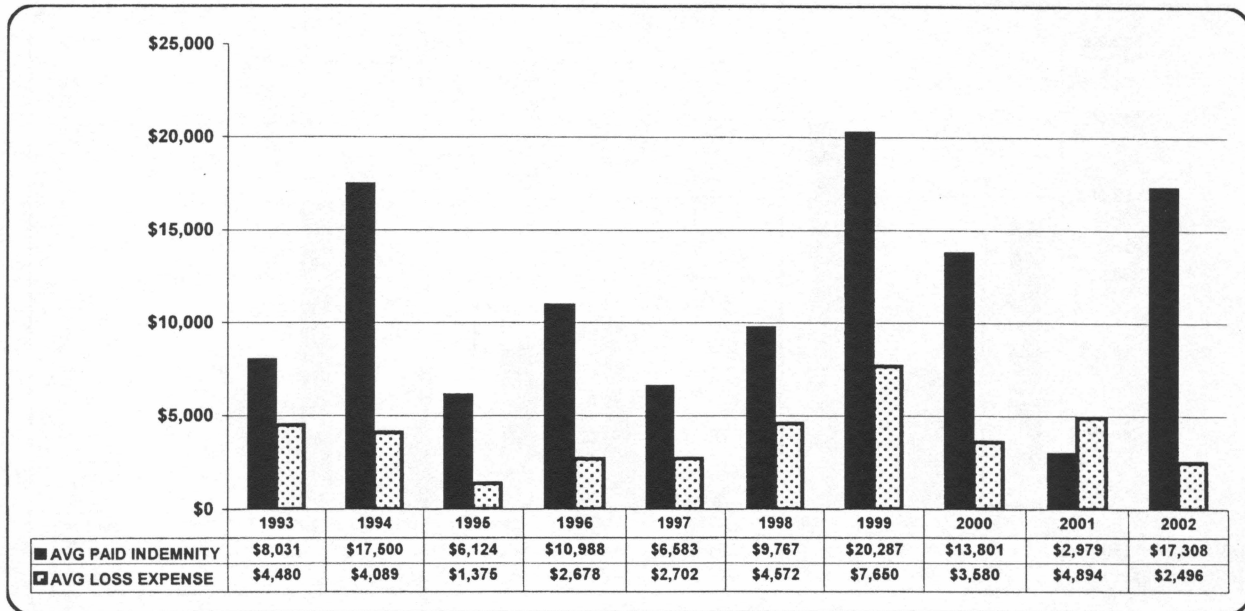
CLAIMS CLOSED IN 2002

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL PAID INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	30	4	66.67%	\$17,308	\$69,230	92.02%	\$2,496
4 TO 10 YEARS	6	0	0.00%	N/A	\$0	0.00%	\$960
UNDER 4 YEARS	3	2	33.33%	\$3,000	\$6,000	7.98%	\$648
TOTAL	39	6	100.00%	\$12,538	\$75,230	100.00%	\$2,117

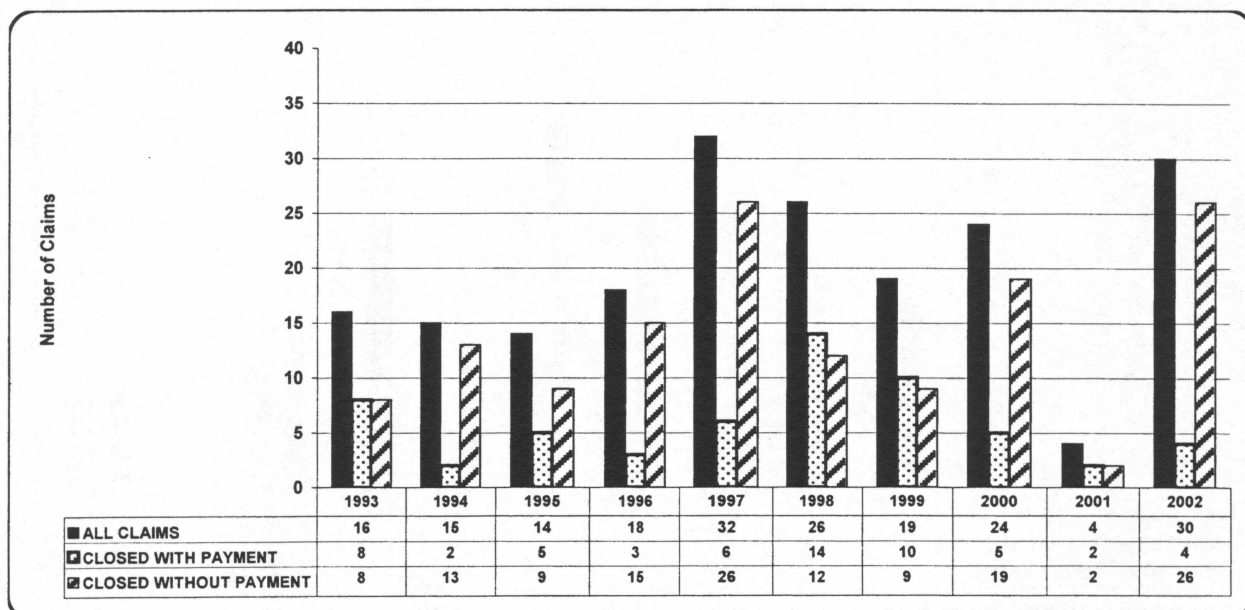
**YEARS ADMITTED TO PRACTICE
TRENDS
OF
2002**

OVER 10 YEARS

Average Paid Indemnity & Average Loss Expense

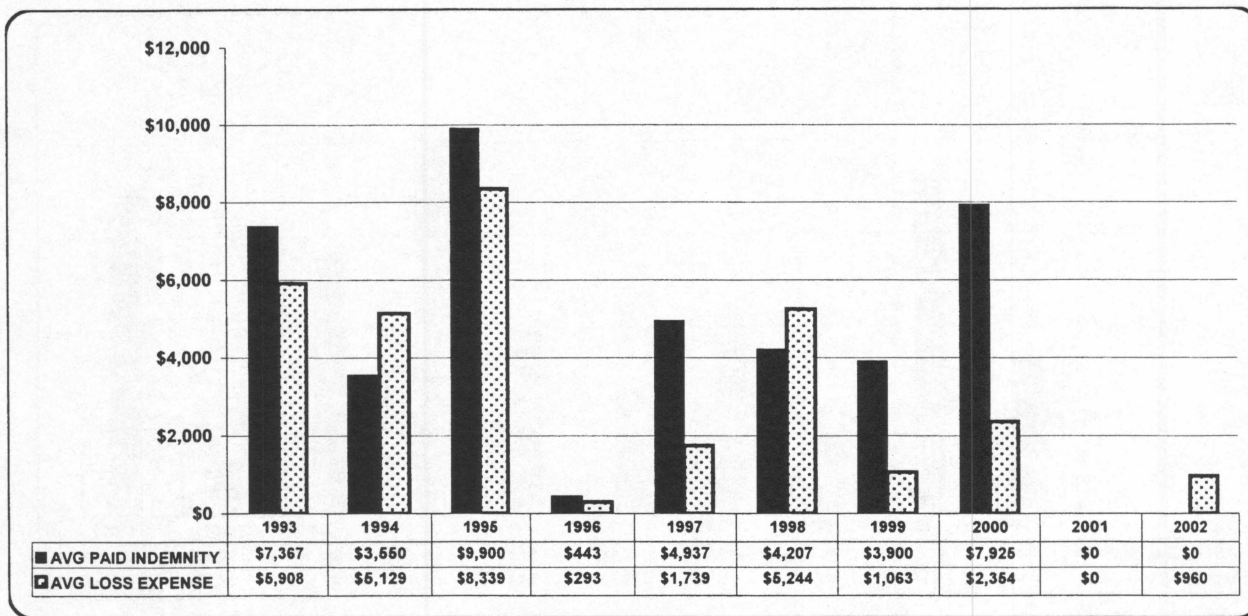


Claim Count

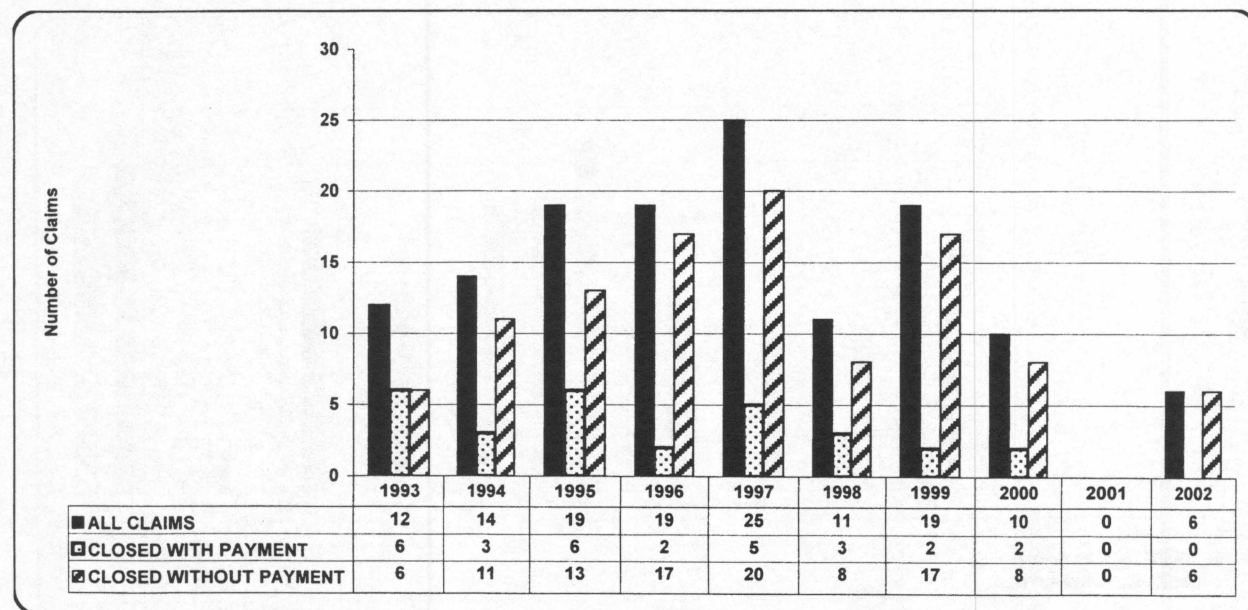


4 TO 10 YEARS

Average Paid Indemnity & Average Loss Expense

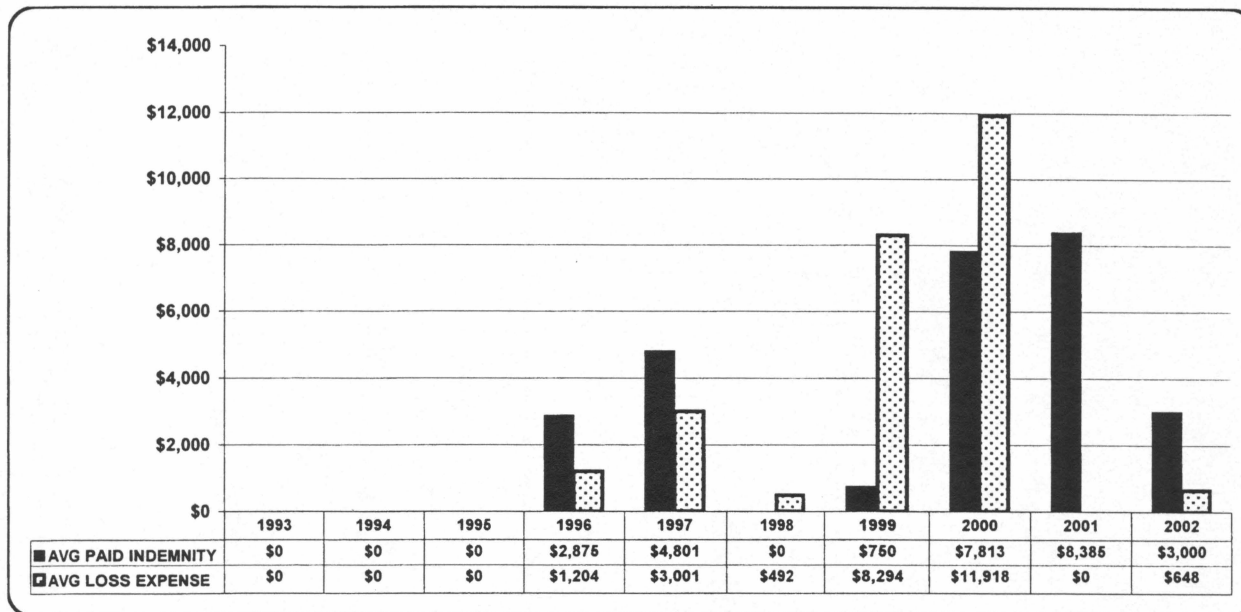


Claim Count

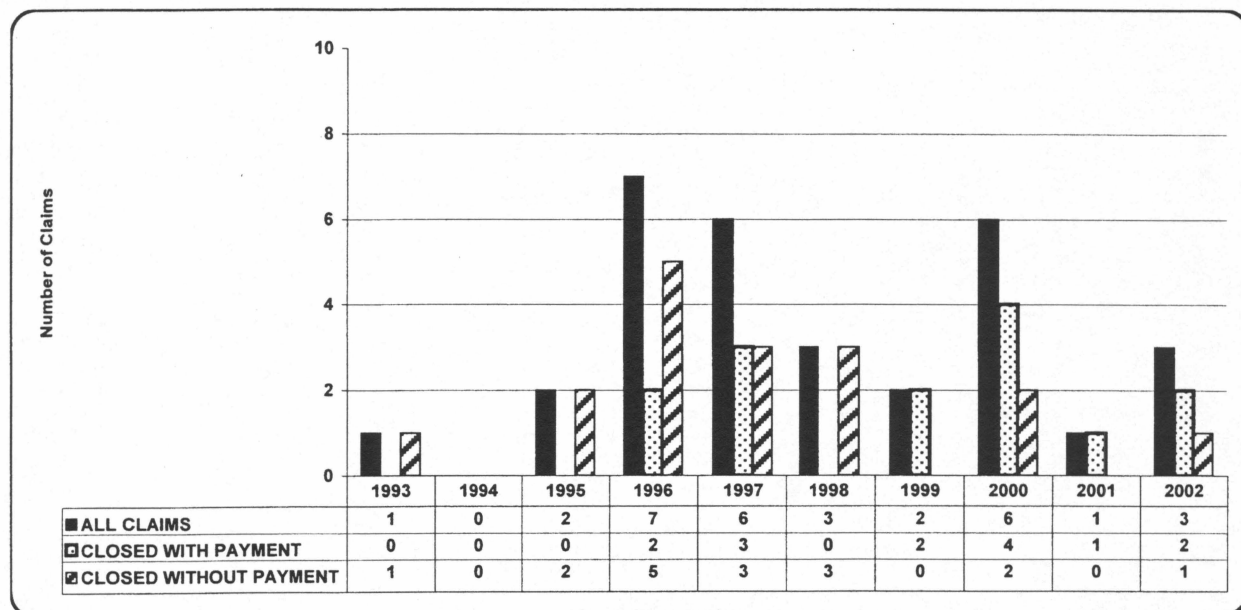


UNDER 4 YEARS

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2002 SUMMARY
BY
INSURED/CLAIMANT RELATIONSHIP**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1993 - 2002

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT	267	75	64.10%	\$10,894	\$817,077	62.98%	\$3,401
CONTRACTUAL RELATIONSHIP WITH CLAIMANT	124	42	35.90%	\$11,437	\$480,370	37.02%	\$4,419
TOTAL	391	117	100.00%	\$11,089	\$1,297,447	100.00%	\$3,724

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

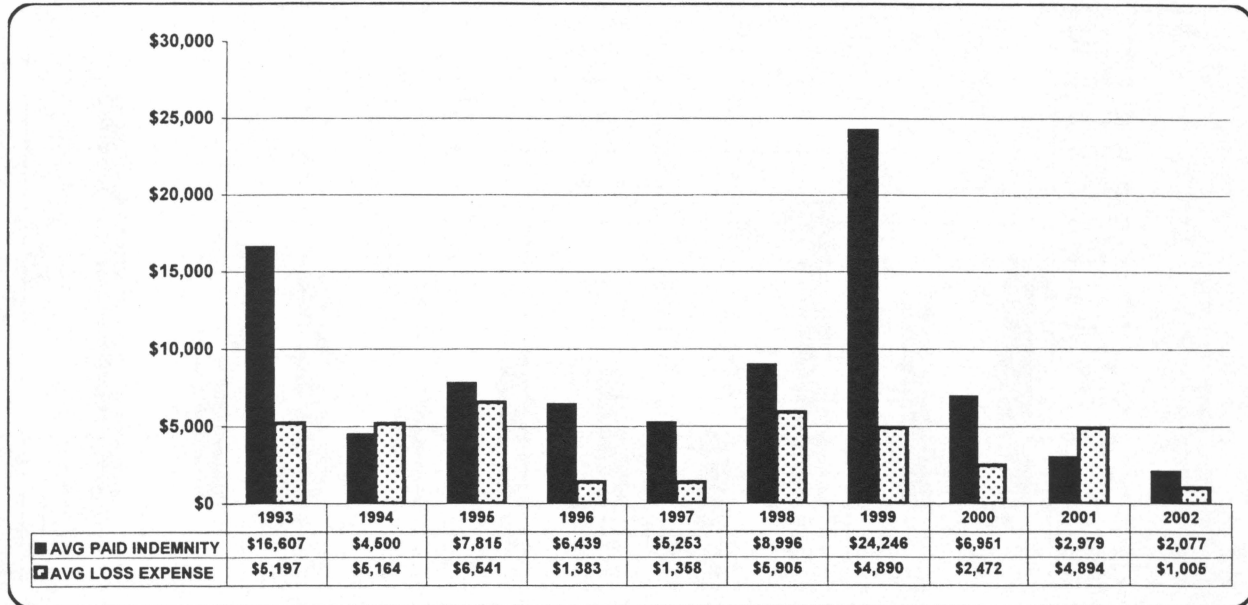
CLAIMS CLOSED IN 2002

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT	24	3	50.00%	\$2,077	\$6,230	8.28%	\$1,005
CONTRACTUAL RELATIONSHIP WITH CLAIMANT	15	3	50.00%	\$23,000	\$69,000	91.72%	\$3,897
TOTAL	39	6	100.00%	\$12,538	\$75,230	100.00%	\$2,117

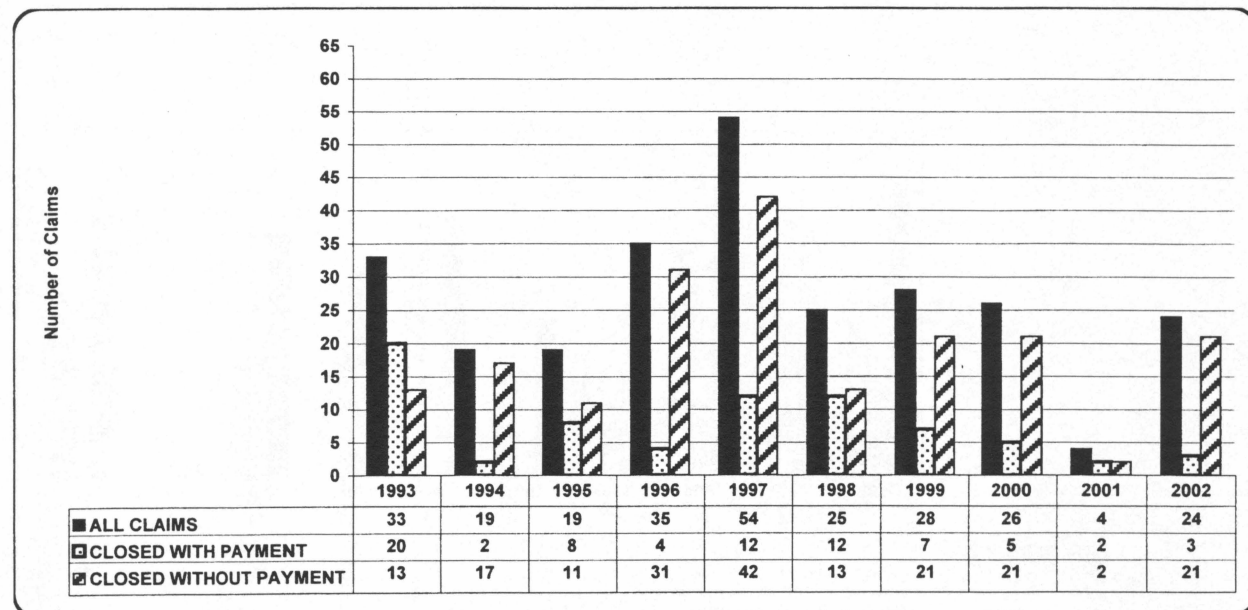
**INSURED/CLAIMANT RELATIONSHIP
TRENDS
OF
2002**

NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT

Average Paid Indemnity & Average Loss Expense

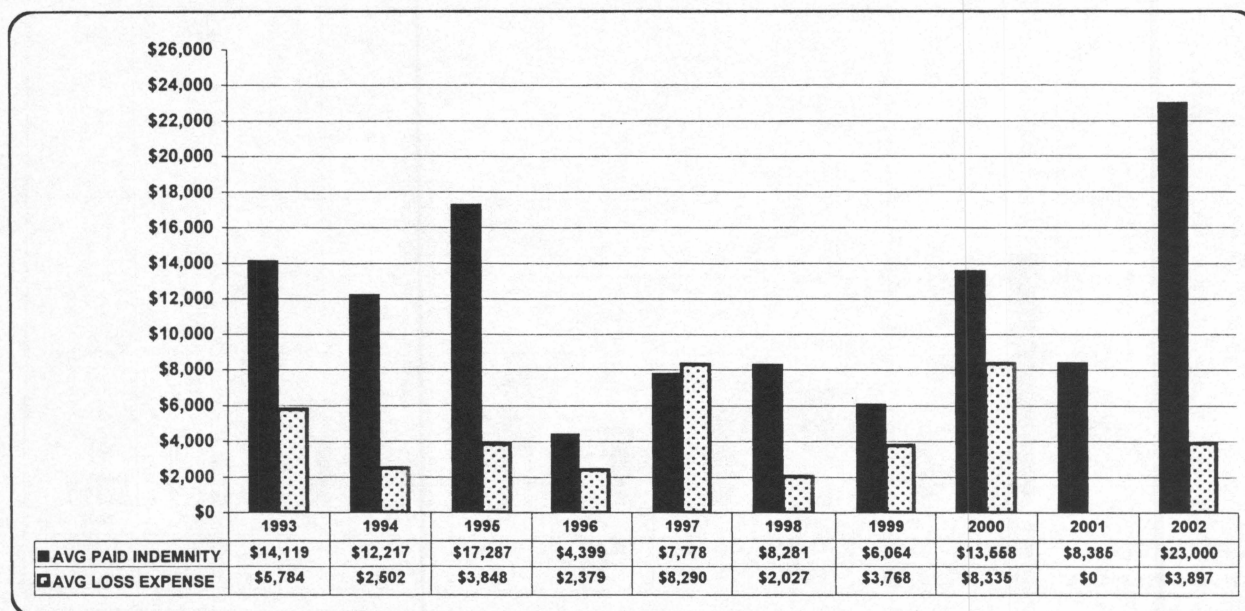


Claim Count

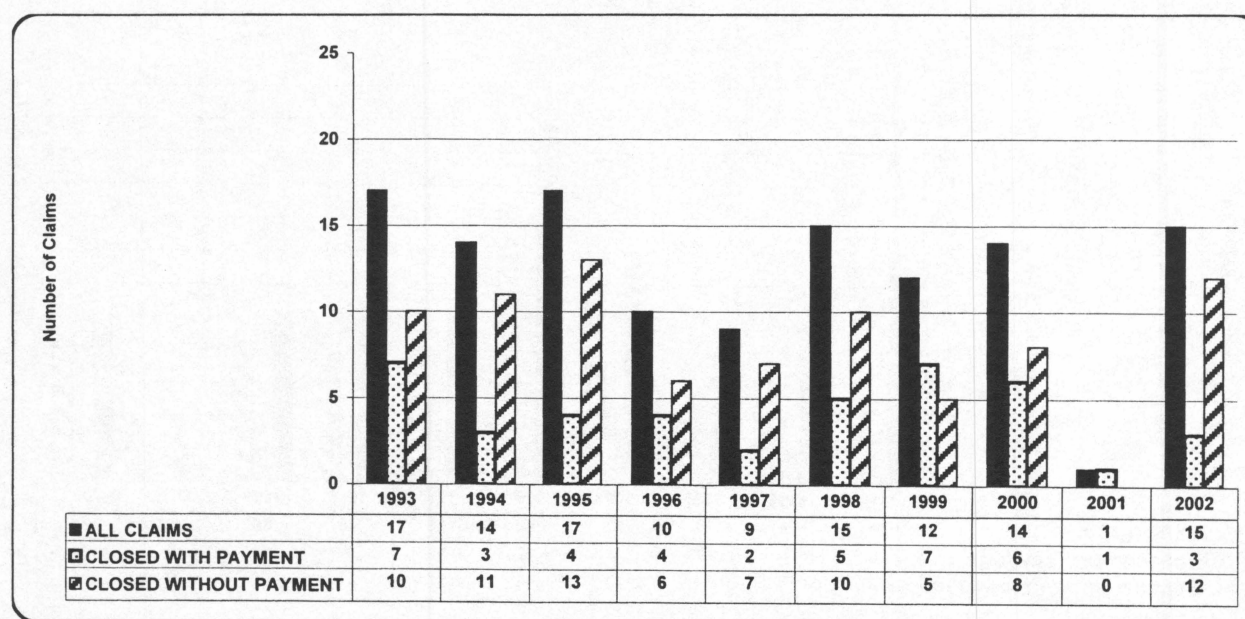


CONTRACTUAL RELATIONSHIP WITH CLAIMANT

Average Paid Indemnity & Average Loss Expense



Claim Count



**PREMIUM
AND
LOSS DATA**

**PAGE 24 SUPPLEMENT REAL ESTATE MALPRACTICE EXPERIENCE
WITH MARKET SHARE**

2002 EXPERIENCE

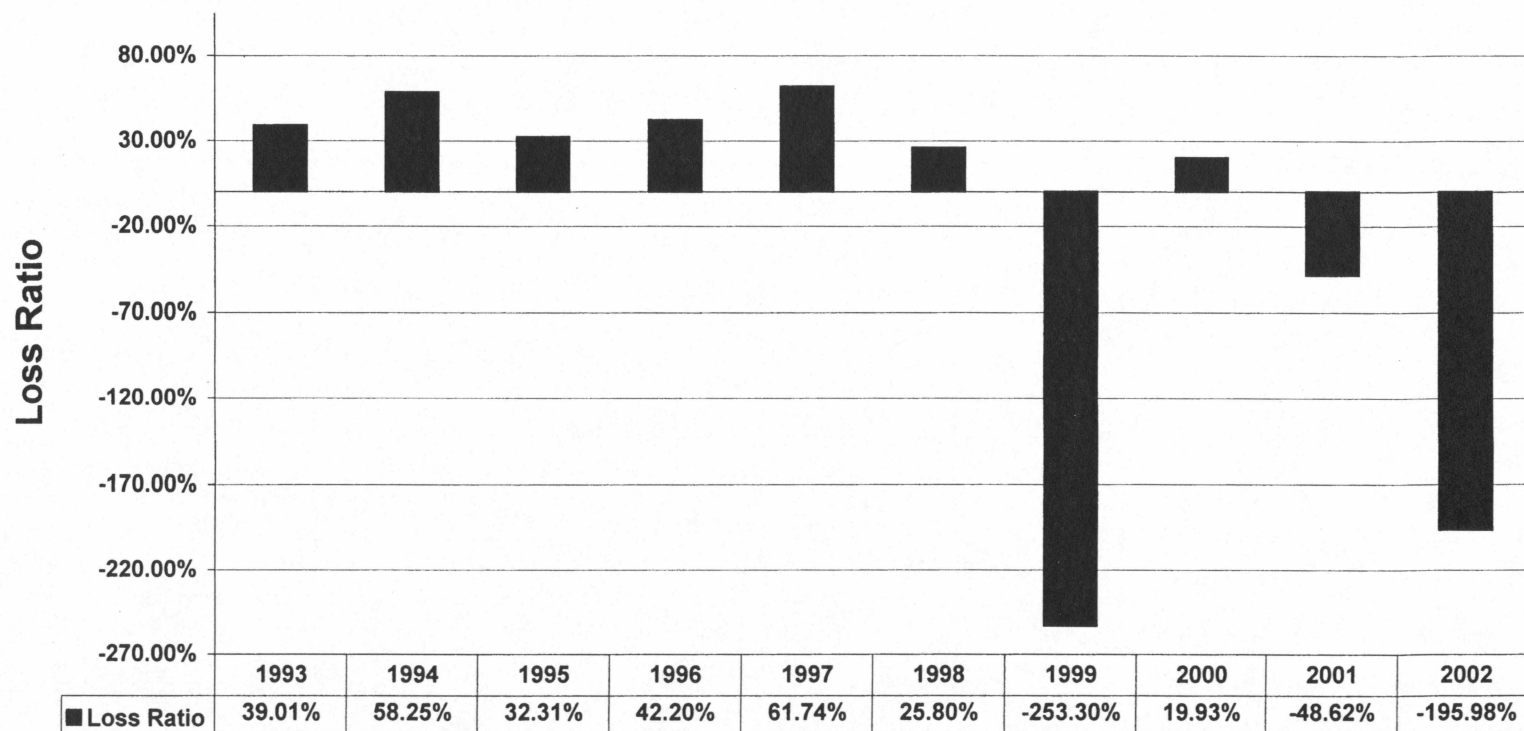
NAIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
20443	CONTINENTAL CASUALTY COMPANY	69.76%	\$771,859	-\$406,286	\$190,493	-46.89%
24767	ST PAUL FIRE & MARINE INSURANCE CO	17.72%	\$196,073	\$171,774	\$19,274	11.22%
22810	CHICAGO INSURANCE COMPANY	7.11%	\$78,684	\$77,420	\$891	1.15%
25895	UNITED STATES LIABILITY INSURANCE CO	4.45%	\$49,223	\$49,880	\$21,606	43.32%
21296	ASSOCIATES INSURANCE COMPANY	0.96%	\$10,620	\$20,300	\$2,497	12.30%
39845	EMPLOYERS REINSURANCE CORPORATION	0.00%	\$0	\$0	-\$64,429	N/A
TOTAL		100.00%	\$1,106,459	-\$86,912	\$170,332	-195.98%

PAGE 24 SUPPLEMENT REAL ESTATE MALPRACTICE EXPERIENCE

TEN YEAR SUMMARY

Year	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
1993	\$332,664	\$316,333	\$123,417	39.01%
1994	\$721,963	\$591,594	\$344,609	58.25%
1995	\$816,737	\$769,978	\$248,795	32.31%
1996	\$657,869	\$686,562	\$289,707	42.20%
1997	\$619,604	\$651,641	\$402,297	61.74%
1998	\$1,559,815	\$1,688,776	\$435,667	25.80%
1999	\$412,988	\$117,643	-\$297,986	-253.30%
2000	\$450,419	\$80,699	\$16,082	19.93%
2001	\$627,684	-\$274,156	\$133,283	-48.62%
2002	\$1,106,459	-\$86,912	\$170,332	-195.98%
10-Year Total	\$7,306,202	\$4,542,158	\$1,866,203	41.09%

PAGE 24 SUPPLEMENT
REAL ESTATE MALPRACTICE EXPERIENCE
TEN YEAR LOSS RATIO SUMMARY



DEFINITION OF TERMS

Market Share: The dollar amount of direct premium written by an insurer divided by the total amount of direct premiums written industry-wide for the particular line of business being analyzed, expressed as a percentage.

Written Premium: Amount charged when a policyholder contracts for insurance coverage before reinsurance has been ceded and/or assumed.

Earned Premium: The part of premium attributable to the coverage already provided in a given period before reinsurance has been ceded and/or assumed.

Incurred Losses: The sum of direct losses paid plus an estimate at the close of the year of the amounts to be paid in the future for all claims arising from the current and all prior years, minus the corresponding estimate made at the close of business for the preceding year. Incurred losses reported include estimated amounts unpaid for incurred-but-not-reported (IBNR) claims.

Loss Ratio: The dollar amount of direct losses incurred divided by the dollar amount of premiums earned for the particular line of business being analyzed, expressed as a percentage. This is an accounting representation of the portion of each premium dollar which is needed to honor a company's promise to pay claims.

Indemnity Paid: The sum of all payments made during the year for the benefit of insurance claimants, before reinsurance has been ceded and/or assumed. These payments include amounts paid in the current year for claims arising from the current year. Hence, this item is not a measure of the actual cost of current coverages, but only of current cash flows.

Loss Adjustment Expenses: The cost involved in an insurance companies adjustment of losses under a policy.

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